



Select Committee on the European Union

Security and Justice Sub-Committee

Corrected oral evidence: Future UK-EU foreign policy and defence co-operation

Tuesday 22 September 2020

10 am

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Members present: Lord Ricketts (The Chair); Lord Anderson of Ipswich; Lord Anderson of Swansea; Lord Arbuthnot of Edrom; Lord Dholakia; Baroness Finn; Baroness Goudie; Baroness Hamwee; Lord Kirkhope of Harrogate; Lord Lexden; Lord Polak; Baroness Primarolo; Lord Rowlands.

Evidence Session No. 1

Virtual Proceeding

Questions 1 - 29

Witnesses

I: Professor Anand Menon, Professor of European Politics and Foreign Affairs, King's College London; Dr Laura Chappell, Senior Lecturer in European Politics, University of Surrey.

II: Ian Bond OBE, Director of Foreign Policy, Centre for European Reform; Professor Michael Clarke, former Director-General of the Royal United Services Institute (RUSI).

USE OF THE TRANSCRIPT

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

Examination of witnesses

Professor Anand Menon and Dr Laura Chappell.

Q1 The Chair: Good morning and welcome to this session of the Security and Justice Sub-Committee of the Lords EU Committee discussing foreign and defence policy aspects of our relationship with the European Union. We have two distinguished panels of two this morning. I shall ask the first panel to introduce themselves shortly. This is, of course, being broadcast. We will produce a transcript and we will make sure the witnesses have the opportunity to check it before it is made public.

I should start by declaring my interests as set out in the register, including that I am a strategic adviser of Lockheed Martin UK. I know Lord Arbuthnot had an interest to declare as well.

Lord Arbuthnot of Edrom: Yes, I declare the interests that are on the register, particularly that I am chairman of the advisory board of Thales UK, a defence company with its group headquarters in France.

The Chair: Thank you very much indeed. This is the first time that our Committee has taken up the issues of foreign and defence policy relationship with the EU, inherited from a previous sub-committee. We have a lot to get through in two one-hour sessions. I therefore ask everyone to be as concise as possible in addressing the questions. When we come to the second panel, perhaps the panellists could take up different aspects of the questions so that we do not duplicate what has happened in the first panel. Perhaps I could ask our first panellists to introduce themselves very briefly and then we will move on to the questions.

Dr Laura Chappell: I am a senior lecturer in European politics at the University of Surrey.

Professor Anand Menon: I am a professor of European politics and foreign affairs at King's College London and Director of the UK in a Changing Europe.

Q2 The Chair: Thank you very much indeed. I will take the Chair's privilege of asking the first question to get us launched, which is a broad one on where we stand in the negotiations. Could I ask you both to comment on the fact that the British side has decided not to seek a structured relationship with the EU in either foreign policy or defence? What are your views on that? Ought we to be trying to negotiate something at this point? Can it be left for the future? Do you think it will have an immediate impact on our relationship with the EU in foreign and defence policy? It is a broad question to get us launched into the subject. Perhaps I could throw the ball first to Dr Chappell.

Dr Laura Chappell: Thank you very much for the question. I think the UK is underplaying security and defence a little in the negotiations. I appreciate that there is a more immediate concern about our trading relations with the European Union, which of course will have immediate consequences on 1 January, whereas security and defence does not have such immediacy in terms of the impact.

None the less, I still think that the UK should be making some efforts towards setting out its future relationship with the EU in defence, particularly considering the UK's military power and capabilities in this area, also remembering, of course, that the UK co-initiated the EU's common security and defence policy, along with France, so this is an area where the UK has played some part in its evolution. I still think that the UK should consider responding at least to the EU's proposal, which it published I think back in March.

The Chair: Professor Menon, do you have any opening comments on this?

Professor Anand Menon: The UK will need to find a way to work with the EU on foreign and security policy and vice versa. Both sides are the weaker without any kind of collaboration.

It is worth perhaps pausing for a moment just to consider why we are where we are. Essentially, there are two reasons why foreign and security policy are no longer being negotiated. The first, I think, is that Theresa May tried and felt she failed. That is to say that she engaged on security. You may remember there was one point at which the Theresa May Government was talking about having a security treaty with the European Union.

From the perspective of that British Government, I think the negotiations were a failure for two reasons: first, because the EU showed a degree of distrust in the United Kingdom, particularly in its dealings with Galileo—the Galileo note from the Secretary-General in which it warned of the dangers of the UK being a strategic adversary were a key turning point; secondly, because the May Government were hoping to get something that approximated membership in a post-membership deal—that is to say, not simply taking part in missions that EU partners had devised but finding a way to be in the room.

I think the European Union, not least because of this newfound emphasis on strategic autonomy, simply said, “No, if you're a non-member you will not be in the room”. That queered the pitch on our side in terms of the negotiations.

The second change, I think, has been that domestic politics here has changed to the point where in the Conservative Party manifesto from last year there is a list of the organisations and countries that we co-operate with in foreign and security policy, and the EU is not there. I think the politics has hardened here, and for both those reasons we have arrived at where we are, but I do not think this situation is sustainable. At some point we will have to go back to the negotiating table and talk about collaboration, even if that is informal and non-institutionalised.

The Chair: Thank you very much. That is an excellent start.

- Q3 **Lord Anderson of Swansea:** You mentioned Galileo, and the lack of immediacy in terms of security and defence. It also, of course, takes two sides to negotiate. The EU has published its own agreement. We have shown ourselves totally unready to engage. Is this really because we have impaled ourselves on the issue of sovereignty and foreign and defence policy being related pre-eminently to sovereignty?

Dr Laura Chappell: CSDP is primarily an intergovernmental area primarily, so it is for the member states to decide, for example, whether to deploy their troops or police and so on into CSDP civilian missions and military operations. It is for member states to decide whether they agree to launch operations. Some capability initiatives have come on stream more recently, including permanent structured co-operation in defence, but again member states have to agree, obviously, to join and participate. There is this concern over sovereignty and potentially the EU's discussions on strategic autonomy, but these discussions are there to make European countries more militarily capable rather than to infringe on any member state's sovereignty.

While I understand the sovereignty concerns, at the same time I do not think that these play as large an emphasis in CSDP and in defence as they do in other areas. The Commission has a larger role in the European Defence Fund, for example, which was set up a couple of years ago, but again primarily it is the member states that decide.

Lord Anderson of Swansea: May I come at this from another angle? Obviously, we remain members of NATO. NATO and the EU are forging closer relationships as the EU moves more to hard power. Do you think that this NATO membership can provide a cover for the UK to get closer to new EU structures?

Professor Anand Menon: I think NATO provides a tool for us to use to collaborate with European states, yes. I do not think it brings us closer to EU security policy because of the doctrine of strategic autonomy. That is to say that the EU will jealously guard that autonomy from non-member states. I suppose the unknown is the degree to which the EU goes ahead to make itself into, if not an alternative, at least a different sort of security tool that member states turn to rather than NATO when it comes to the deployment of military force, which has not been the case until now. It is a partial fix, not a full fix.

On the question of sovereignty, I do not think that sovereignty is an issue in this area like it is in the areas of, say, state aid or the level playing field, which are dominating the negotiations now. As Laura said, this is far less legalised, EU co-operation. There is far less of a role for the European courts. I think this is as much about optics as it is about sovereignty. For me, it is a little similar to the initial government decision not to take part in joint procurement schemes for PPE at the start of the pandemic. This is about whether it looks good politically to be seeking to work with them, and I think the decision in No. 10 at the moment is no; it is best to move upward if possible.

There are also some broader factors as to why these issues are not figuring in the negotiations. Partly, it is the pandemic itself and the issue of bandwidth; everything has got very squeezed. Partly, too, foreign policy is being underprioritised by both sides; that is to say, we have all become a little bit parochial in the time of the pandemic and not paid enough attention to foreign and security policy issues.

The final point is that you cannot put all this down to the UK. There is a real question for the European Union, which has adopted the mantra that you will be a

third country like any other. The fact is that we are not a third country like any other, particularly in the foreign and defence policy spheres. The question is whether the EU is willing to accept that and make some allowances for the fact that we are a far more important partner than any other third country that it has dealt with in the past.

The Chair: Thank you very much. Baroness Goudie is joining us on the telephone for technical reasons.

Q4 **Baroness Goudie:** Good morning. The Government appear to have ruled out any future co-operation with the EU on foreign policy while leaving open the idea of an ad hoc collaboration on defence. How likely is that co-operation between the UK and the EU? Will that differ in future between these two areas, particularly after your answer, Professor Menon, that we are not just any third country and we lead on other defence issues?

Professor Anand Menon: I do not think the Government ruled out co-operation. What the Government have essentially said is that there is no need for all this sort of institutional nonsense when it comes to foreign and defence policy; we can just collaborate. I suppose that, starkly put, if you are a third country and are therefore not allowed in the room when decisions are taken, there is not a whole lot of difference between informal collaboration and anything written down in a treaty, because the EU simply will not offer us that much more.

The question here, I think, is about political will rather than institutional structures. Do both sides genuinely want to work together? Do they see it as being in their interest? On our side, will the reality of the need to co-operate outweigh the politics of not wanting to be seen to be dependent on the European Union or working too closely with it? On that, I do not know the answer.

Dr Laura Chappell: I would agree with Anand on this. I do not foresee a huge differential between co-operation on foreign policy and co-operation on defence. Fundamentally, if it is in both sides' interests to do so, then they will co-operate. You do not need to go through EU structures to do this. In fact, there is plenty of defence collaboration and foreign policy discussions going on between the EU member states outside the European Union, whether this relates to the Franco-German partnership or to other partnerships such as the Franco-British Lancaster House agreement. The EU is not the only mechanism that can be utilised for co-operation and collaboration, but obviously it is the main mechanism if you want to co-operate with 27 other countries.

The Chair: One argument that is made is that a structure is a way of getting British Ministers alongside European counterparts collectively, regularly, rather than ad hoc meetings here and there. As I think you are both saying, the Government have decided for various political reasons that they do not want to be seen to be in a structure like that.

Baroness Goudie, did you have anything further on that set of issues, or shall we move on to Lord Kirkhope?

Baroness Goudie: Only on the whole question of co-operation on peacekeeping and so on, but I would hope that that would continue in some way. We just have to see how it pans out.

Professor Anand Menon: There is no constraint on our ability to participate in CSDP missions; there is a constraint on our ability to be in the room when they are planned and decided on. I would say that the record of the first 10 years of ESDP and then CSDP is that Britain contributed relatively few assets to those missions. There were good reasons for this—we were in Afghanistan, we were in Iraq, we had a slight overstretch of the Armed Forces—but from the EU side I think the feeling is that if the Brits will not co-operate that much in terms of manpower, this might not be the loss it appears to be. I am not sure that is right, but I think that some are thinking that.

Q5 **Lord Kirkhope of Harrogate:** Can I put it to our witnesses that for the 17 years I spent in the European Parliament dealing with a number of these sorts of things, it was the British Government who very passionately wanted the third-country status to be very strong. In other words, they were arguing quite often for third-country status to mean what it said and that there should be no informal discussions and agreements on the margins.

My question to you in a way is this. President Macron in the latter part of last year came up with this idea of a European security council, which at the time was a little nebulous because it was to be some form of intergovernmental arrangement outside normal EU structures. There was talk then of the UK becoming a non-voting member. This would avoid the third-country status regulations and would allow us to continue to be involved in some way in foreign affairs co-ordination, or at least discussions. But it lost its credibility almost as soon as it came out.

I wonder whether our witnesses would like to comment on that kind of structure. Is it just a whim from a French President? Is it just something that was to facilitate connections with other countries, not the UK, particularly in view of the way we have behaved recently? What was it, and what potential does it have?

Dr Laura Chappell: It is an idea that, as you said, Macron initiated and the Germans also supported, one of the ideas being to bring the UK into some form of foreign, security and defence institutional structure as a non-voting member. However, such an idea does not really have any legs to it. This simply comes down to the issue of inclusivity versus exclusivity. Simply put, member states that are likely to be excluded from such structures will not be in favour of creating them. If all member states have a veto on it, then evidently such a structure will never see the light of day.

Such a structure could be created outside the EU institutions. Indeed, I do not think Macron was altogether too clear about where this structure would be situated vis-à-vis other EU structures, or even whether it would be an EU institution at all. We have the E3, for example, in negotiations with Iran, so there is no reason why such a structure would need to be within the EU.

None the less, I do not think this has many legs to it because of those general constraints. Some of the central east European countries, like Poland, are quite particular about ensuring that they are included in any type of decision-making processes. So, no, I do not see this seeing the light of day.

Professor Anand Menon: Let us face it, there has been no shortage of purely rhetorical initiatives by French Presidents over the years when it has come to European integration. Obviously, they will have to secure approval for this, and I will come back to that in a moment.

On the question of third-country status, you are quite right, but way back in the 1990s on the 50th anniversary of NATO when we were thinking of launching ESDP the next year, there was big debate about how you include particularly Turkey in those structures. Lord Ricketts will remember this from his time. One of the unique things about the WEU was the way it allowed non-members to participate relatively easily. The problem with the European Union is that, as a far more law-based organisation, that sort of flexibility, it was argued, was not possible, so that set this in train.

As Laura says, the devil will be in the detail with a European security council. This question of large versus small states is one of the touchiest issues in the European Union. When the E3 were negotiating with Iran over the nuclear deal, they had to find all sorts of ways of essentially leaving the papers lying around in the council secretariat building so that the Spanish and the Italians could see them and so that the Spanish and the Italians did not feel snubbed by not being part of the core group.

I am slightly sceptical as to whether the EU can agree this kind of leadership structure, even though I think this sort of leadership structure would be a good idea. If it were an EU structure, I do not think we would be allowed the kind of participation which a British Government think we would merit. The only way this works is to do it informally outside EU structures.

One thing we could and should do very quickly is set up regular meetings of political directors between our own Foreign Office, the French, the Germans and perhaps one or two others, and make that a regular thing that allows us to co-ordinate on foreign policy. There will be no need to talk about EU institutions or EU theology to do that.

Finally, the one slightly reassuring thing is that a couple of weeks ago the UK was invited to go along to a Political and Security Committee meeting and that gave me hope that the EU might in practice prove to be more flexible than it is in principle.

Q6 Lord Kirkhope of Harrogate: In fact, the invitation to that was obviously as observers and not as contributors or participants. You mentioned rhetoric. Rhetoric is not just the purview of a French President. It looks to me as if it will be a growing purview of this country. We will be looking at rhetoric rather than actual contributions that mean anything.

Can I just finally ask you to perhaps add to this point? We have the Council of Europe. We have loads and loads of what I would deem to be, I am afraid, pretty good talking shops, but we will always be consigned now, will we not, to the position where we cannot meet the rules that apply and we will always be there simply to observe?

Professor Anand Menon: I am not sure all your colleagues would share that view of the Council of Europe and particularly of its court as simply a talking shop, but yes, there are lots of institutions and it has long been a problem that we have failed to find a way to make them work together in a coherent way. I do not foresee any solution to that soon.

The one thing I would say about rhetoric is that all the early indications are that the EU's recent insistence on this concept of strategic autonomy will be more than merely rhetoric and will play against our interests. One of the implications is that however close a partner you may have been, because you are not a member state your full involvement in decision-making will undermine strategic autonomy, which is now a key principle of the Union.

The Chair: Dr Chappell, did you want to add any more on that?

Dr Laura Chappell: I think Anand has more or less covered it, but when we are talking about European strategic autonomy we have to think that this is also about making European countries more capable, increasing their military capacities. Then, of course, we have the political willingness issue. Member states often have the capabilities but do not have the political willingness to do anything with the capabilities.

The UK is still part of Europe. We keep hearing that the UK has left the EU but not left Europe. The UK is part of the idea behind strategic autonomy if we take it in a broader sense than in a very specific EU sense. Of course, this raises questions about the UK's interaction with different CSDP initiatives, such as the European Defence Fund and PESCO, versus others such as some of NATO's initiatives and bilateral co-operations, too.

The Chair: Thank you very much. Just before moving on to the next question, I would simply note that, from my own observation of the French over the years, by "strategic autonomy" they used to mean autonomy from the Americans and the EU being able to stand on its own two feet, as it were. Now I think it has morphed into autonomy in a world of greater priority for strategic autonomy in manufacturing, in concerns about China, in concerns about post-pandemic resilience. It has sort of morphed over the last year or two from a rather political concept into something bigger and therefore, as you say, potentially of great interest to the UK in the future.

Let us turn more specifically towards defence issues with a question from Lord Arbuthnot.

Q7 Lord Arbuthnot of Edrom: To some extent you have answered this already, but

when we were an EU member state how valuable was the UK's contribution to EU collaborative action on defence matters?

Dr Laura Chappell: I think Anand mentioned it. The UK has not been a huge contributor to many CSDP operations and missions. We can list almost the key operations that the UK has sent troops to or has contributed to, including: EU NAVFOR Atalanta, the EU's antipiracy operation; EUFOR Althea; EULEX Kosovo; one or two other missions in Somalia; and the EU Training Mission in Mali. The UK has had very specific areas of interest, but overall its contribution has been relatively small.

Where it has made a contribution is, of course, financially through the Athena mechanism on common costs. The UK has often been seen as a laggard and a veto player in respect to moving CSDP forward. So it is not just about what it has positively contributed but also potentially what it has prevented. This includes the creation of a permanent operational headquarters, because this was seen to unnecessarily duplicate SHAPE within NATO. It stopped an increase in the European Defence Agency's budget, for example.

It is important to point out that the UK is not the only sceptic where the advancement of CSDP is concerned. There is this picture that the UK has left CSDP, so CSDP can now suddenly advance and develop in the way some of its advocates wish it to, but there are still countries within the EU that have doubts about this motor behind the common security and defence policy and what CSDP is there for, particularly those who do not want CSDP to duplicate NATO.

The UK has been a very vocal participant within CSDP, including in where its red lines are, and other countries have hidden behind those. We have to be a bit careful about the advancement of CSDP, because there is always this political willingness issue. Creating capabilities is one thing, as I said, but using them is something else entirely.

Professor Anand Menon: First and foremost, if you are considering the UK's contribution to EU defence policy, we have to say that we created ESDP. ESDP would not have happened without Tony Blair at Saint-Malo. That in itself stands as some sort of achievement, although I would say in parentheses that, given that the rationale at the time was largely the assumption that if you wrapped defence in an EU flag you would make Europeans more willing to invest in it, that ambition was never achieved. In that sense, we did not achieve what we had hoped to. We did not get the Europeans to do more by saying that this is European rather than trans-Atlantic.

As I said before and as Laura reiterated, our contribution to actual military resources was never that great. I remember being told in Brussels that the UK battlegroup was basically a place where British troops returning from Iraq would have a quick rest before they went to Afghanistan and it would never ever be deployed in any circumstances. There was a degree of cynicism about that.

That said, one of the things that we did bring to the table was expertise. We forget too often just how little interest particularly small member states have in the world as a whole and how few resources they have when it comes to, for instance, considering the situation in East Timor. There was always the expertise of the Foreign Office as well as the Ministry of Defence that other member states could draw on, and I think they appreciated that.

Finally, the one sterling, practical contribution that we made to missions was to Atalanta, which was the counterpiracy mission off the east coast of Africa, where that was run from the United Kingdom. A British admiral was in charge for a long time and it was seen as—well, it was not seen, it was—a massive success, first, in the sense of bringing down the incidents of piracy but, secondly, in the co-ordination with other EU missions inside Somalia making a slight amount of incremental change possible in that country. So it is a mix.

Lord Anderson of Swansea: Based in Northwood?

Professor Anand Menon: Yes, it was at Northwood.

Lord Arbuthnot of Edrom: Of course, co-operation was about more than just operations. It was about things like procurement through organisations like OCCAR and the European Defence Agency, which Laura mentioned. How important was that co-operation in meeting the UK's own foreign policy and defence objectives?

Professor Anand Menon: The problem with answering that question, I think, is that it is like what Fred Northedge said about the League of Nations: the League of Nations did not fail, it was simply never tried. One of the problems when it comes to procurement collaboration in the European Union is that we were slightly half-hearted about it from the start, which was a shame if only because in the early days of the EDA it was Nick Witney, a Brit, who was in charge of it. We could have leveraged that, I think.

My sense is there were some successes from collaborative European projects, and you see things like Airbus even now, but we never leveraged those things to the point where we could judge whether or not it worked for us; that is to say, we were slightly semidetached from them, did not put our heart and soul into them, had other irons in the fire, not least trans-Atlantic co-operation, and as a result we never really gave those structures a chance to help us.

Lord Arbuthnot of Edrom: Very good.

Q8 Baroness Primarolo: Good morning. I think we have been skirting round and have dealt with some of these issues with regard to the CSDP, but the Government have said that they will consider any future involvement on CSDP missions and operations on an ad hoc basis. Given the fact of the UK's military strength, which you have referred to, and, indeed, the expertise that you have just touched on, is it not likely that in any UK involvement the UK will want to be involved in the command and control of those missions? How likely do you think it is that the European Union will be prepared to accept that and work with that sort of

proposition from the UK?

Dr Laura Chappell: As it currently stands, I think it is unlikely that the EU would allow the UK any access to command and control positions. This simply is because the EU wants to maintain autonomy over its own operations and missions, which evidently it does not see as feasible if such command and control positions, such as the role of operation commander, for example, are somebody from a third state. Yes, the UK can participate as a third country in missions and operations. It can participate in a battlegroup. It can participate in PESCO projects if invited by participating member states from any undergoing individual project. What it currently could not do is lead an operation or run an operational headquarters, for example. We see this with EU NAVFOR Atalanta; as Anand mentioned, the operational headquarters was at Northwood and have since been transferred to Spain. The EU is quite serious on these points.

Whether something can be negotiated is a different question, but certainly if we read what the EU produced back in March, I think it is unlikely at the moment that the EU would allow the UK access to those types of roles.

Professor Anand Menon: I agree. I have to say that I think it is vanishingly unlikely that the EU will consider us having a role as a decision-maker. The Libya example is interesting, because it points, I suppose, to the fact that even when you are talking about relatively small-scale military interventions, member states tend to shy away from using the European Union anyway, for a variety of reasons. It is the really small-scale military/humanitarian stuff where this will be an issue. I am not saying that is not important, but I am saying that you need to think that the EU has been quite limited in scope to date.

The period between 2016 and 2019 all blurs in my mind, I am afraid, but Frederica Mogherini and Michel Barnier did a joint event in Brussels and it was quite remarkable, because they spent the first 15 minutes talking about the unique nature of UK-EU security ties and how we depend on each other the way other partners do not depend on each other. Then about 10 minutes in, as if we flipped a switch, Michel Barnier said, “However, the UK will be a third country like any other”.

It struck me that there was a logical inconsistency here. On the one hand, we have uniquely close relations; on the other hand we are a bog standard third country. The EU at the moment shows no signs of wanting to address that potential tension in its position. I wonder whether it might down the line, but I suspect that will hinge on what political relations between the UK and the EU look like over the next few years as to whether either side has the appetite to revisit.

Baroness Primarolo: Thank you. I hear everything you say with regard to the nature of the CSDP missions. None the less, was there for the UK—we will need to address this going forward—an influence beyond Europe because of our involvement and leverage in considerations on defence policy that we are now going to weaken as a result of not being a full participant in even those modest projects that seem to be morphing, as you said, through strategic autonomy and its growth into something

that might be an all-encompassing and quite important, though modest, intervention?

Professor Anand Menon: I do not think that rationale of us losing international influence or reputation works as well in this area as it does for, say, trade where it is just a question of size. It is harder for a country of 65 million to push people about in trade negotiations than it is for a far larger market. You have to bear in mind when it comes to foreign and security policy that the UK is a permanent member of the Security Council, is the leading—

Baroness Primarolo: That is what I had in mind.

Professor Anand Menon: Yes, there is no shortage of ways in which we can exercise our influence, so I do not think it necessarily is the big issue here. I think it is far more practical than reputational or wider influence.

Baroness Primarolo: Thank you.

Q9 **Baroness Hamwee:** Good morning. Dr Chappell just mentioned PESCO. I think that our witnesses may have pretty much answered my question in general terms about everybody's enthusiasm or otherwise for co-operation.

On PESCO projects, are there projects where the UK could make a positive contribution? The Government have talked about participating when there is a clear value for the UK, including our defence industry, so I suppose I am looking at this from the other side.

Dr Laura Chappell: There are currently 47 PESCO projects ongoing, which have all been started in the last few years. I cannot pinpoint any exact one of those 47 which the UK could contribute to per se, but evidently, more generally, if these projects would enhance the UK's capabilities in some way, it is in our interest to join one of these projects. It is important to note that the UK has to be invited to join. I do not think there is a mechanism just to survey the 47 projects and say, "We want to participate in this one and this one and this one, please". It is up to the participating countries of each of those projects to decide, and then that has to go to the Council for its approval. So there is that mechanism.

More generally, if we look back before PESCO to pooling and sharing, the UK participated very little in those projects, in fact. As Anand said, the UK has never really utilised the European Defence Agency and the projects within it, so I do not see PESCO being too different in that regard. The EU in any case is not the UK's usual place for capability development and working with partners. It prefers to work with far fewer partners, particularly in respect of larger projects. If it is in the UK's interests, then yes, but we might not have the pick.

The Chair: Laura, could you give Members a sense of a couple of PESCO projects? What is a PESCO project? What sorts of things are countries co-operating on in this area?

Dr Laura Chappell: There are a number of different areas. They include training, air capabilities, cyber capabilities, maritime capabilities, the whole gamut, but what they do not do is create these huge military pieces of equipment. We are not looking at something like an A400M project; that is done through OCCAR, primarily. The smaller capabilities—training, cyber capability—are the type of thing we are talking about.

Baroness Hamwee: I understand that one of them is a joint European medical command, which struck me as possibly being rather topical, but I might be misunderstanding what it does. Can you tell us?

Dr Laura Chappell: I am not 100%. I would have to look this up. There are quite a few projects. In essence, these types of projects are usually in respect to being deployed alongside military operations; you need some kind of medevac, for example, in those operations. I do not know the specifics of that particular project.

Baroness Hamwee: Thank you. Professor Menon, do you want to add anything?

Professor Anand Menon: I would say two things, very briefly. The first is where the trade-off between pragmatism and politics will lie. There is a lot of politics militating against the British Government wanting to participate in these projects, because there are those who will see that as a sign of weakness.

The other thing that is absolutely fundamental—I cannot believe that we are 45 minutes in and we have not mentioned this yet—is the outcome of the US election, which will shape our security horizon quite profoundly. Who wins and how they behave will have an enormous impact on how we view our security alliances going forward.

Q10 The Chair: Thank you very much. We have quarter of an hour left, so we just have two or three more questions for you. One is on UK bilateral defence co-operation with European neighbours. I was very involved in what is known as the Lancaster House agreement of 2010, which launched a whole series of defence industrial co-operations with France on drones, missiles and other things. My own impression is that the momentum has gone out of that, probably as a result of Brexit and the sense of distance now between Britain and France and European member states. I do not know whether the witnesses share that.

How important do you think the prospects are for bilateral defence co-operation efforts with our major industrial partners in the years ahead?

Professor Anand Menon: There are a couple things I would say. First, it is remarkable the degree to which we have not tried to build on those bilateral agreements subsequent to the referendum. It strikes me as nothing short of shocking. I think 2 November is the 10th anniversary of the signing of the Lancaster House agreement, and in any other circumstances we would be holding a grand summit to commemorate that, to build on it. It strikes me that now more than ever we should be doing these bilateral links, because, of course, the multilateral

connection, as we have been saying, is weaker. Yes, there has been a lack of momentum there.

The second thing it is worth pointing out is the potential impact of no deal in the Brexit trade talks on security co-operation. It is absolutely the case that even the kind of deal we are seeking to negotiate will be relatively thin, will not include security, and will have enormous economic impacts.

However, I am fairly convinced that the fundamental difference in diplomatic terms between deal and no deal is that, if the talks break up, what will follow is a period of rather bitter mutual recrimination, where it becomes incredibly difficult for the two sides to sit down together and work together. You can imagine that if French fishermen are dropping rotting fish on the streets of Paris to protest about the absence of a deal, the French President will be inclined to sit down with the British Prime Minister and talk about security co-operation. It will be far easier to work with our partners even in the event that we sign a fairly slim deal with the European Union than it will be if the talks break up in acrimony.

Dr Laura Chappell: I agree, and the UK should be doing more to utilise its bilateral agreements with the partners that it has, developing the partnership with France through the Lancaster House agreement. Both the UK and France have similar views about the use of force, for example, so it is quite a natural partner for the UK if we set aside the Atlanticist/Europeanist divisions between them.

My area of expertise also encompasses Poland. Certainly, for Poland, the UK is seen as a key partner with similarity of views on defence and a similarity of views on the threat in the east. We are talking here, of course, about Russia. They might not be identical, but none the less the UK takes those concerns seriously. Poland certainly feels that it has lost an Atlanticist ally within the common security and defence policy in that both countries had similarity of views concerning the development of CSDP/NATO co-operation and CSDP not duplicating NATO in any way.

I do think that we should build on some of those partnerships, although there are other concerns in respect of Poland and the politics and political situation in Poland.

Q11 Lord Anderson of Ipswich: I have two questions, which I will ask both at once because we are running a little short of time. Laura, you mentioned earlier that there were some member states that are disenchanted with the CSDP and do not care for it very much. I wonder if you would like to say which those member states are. Is there any overlap between that list of states and those with whom we might try to forge new or strengthened bilateral relationships?

My second question is: supposing the bilateral route takes off and we start doing more things with bilateral partners in the defence area, is that a good substitute for the multilateral system that we are in at the moment? Looking at PESCO, some of its projects seem to be on the unglamorous side, but on the other hand they may be very important for ensuring interoperability, for example, than if we are out of PESCO. However many bilateral arrangements we have, it will not be a substitute.

Dr Laura Chappell: I cannot give you a list, so to speak. Poland has become increasingly more disenchanted with the common security and defence policy, but this relates partly to the internal politics in Poland and the change in government back in 2015 from a civic platform to the current law and justice Government. Again, it used to be a potential leader within CSDP. It certainly promoted the common security and defence policy during its 2011 presidency. More recently, it joined PESCO, but rather reluctantly. Its position has somewhat changed.

Other countries that may occasionally have some concerns are the Netherlands and very occasionally Germany. Of course, you have to remember that Germany is also a motor behind European integration. While Germany and France have differing views on the use of force, at the same time they both want the European project to succeed to some extent. I do not think we can say that Germany has been a veto player within CSDP at all. Certainly Poland has become more—how shall I put it?—sceptical of the developments in CSDP.

In answer to the second part of the question on bilateralism and multilateralism, you are right: evidently there are benefits to working with multiple partners, such as interoperability and training, of course. This was one of the advantages of the EU battlegroup concept. The battlegroups have not been deployed, so whether the UK has one on paper or one ready to go is almost immaterial. None the less, this concept has enabled certain countries to work together with their neighbours to train together and to understand each other better within security and defence. That is obviously not available if you only pursue bilateral relations, although the UK has a preference for unilateral and bilateral battlegroups, but it was coming on stream with more multilateral groupings.

There are advantages there, and there are advantages to working with multiple partners to ensure that when we deploy with these European partners in other contexts, whether that is within NATO operations or even within the United Nations, we are able to work with our partners effectively.

Professor Anand Menon: Bilateral engagement is a substitute for some things, not others. Working on military collaboration with the French would obviously be useful. We share, as Laura said, the same strategic interests. We tend to intervene more than other member states. But when it comes to large-scale procurement, I wonder, for instance, whether there are any people in Brussels today who wish that the UK was round the table twisting the arm of the Cypriots when it came to sanctions on Russia. There were certain things that collectively we could achieve, particularly in areas like sanctions, that we will now find it far harder to exercise influence over.

The Chair: Yes, indeed. Thank you very much.

Q12 **Lord Polak:** I refer to my declaration in the register. I have a company that advises Elbit Systems.

Again, we have skirted around this, but do you believe that the EU has increased its activity in defence and security? If so, what do you believe has driven this, and what

impact will Brexit have on the EU's attitude to defence and security?

Professor Anand Menon: I am quite a glass half empty sort of person, so my sense is that the EU has ramped up its rhetoric but its rhetoric is running ahead of its competencies in the area of security policy. For all the incremental changes being made, there are still fundamental differences over views of foreign policy and a fundamental unwillingness on the part of some member states to countenance the deployment of force. There are a lot of free riders among the 27 when it comes to security policy.

Why has the rhetoric ramped up? It is because of shifts in the external environment, whether it is aggressive actors to the east, such as Russia or Turkey, instability in the south, or the perceived unreliability of particularly the US but also the UK. In that sense, Brexit has had an impact, although I do not think the impact of Brexit in this area is anything like as great. The most fundamental, substantive impact of Brexit on what the EU has done to date is on the recovery fund, which I do not think would have been passed in its current form with the UK round the table. I do not think it is in the area of foreign and security policy as yet.

Lord Polak: People are quite aware of my other interests, and the place you did not mention, Professor Menon, is Iran. I have a very strong personal view that the Europeans, the French, German and Brits together, have the Iran policy entirely wrong and we are in the wrong place. Do you think, coming out, that Britain may now look at things slightly differently, or will we be still tied to the JCPOA and move in that direction?

Professor Anand Menon: I do not know, is the simple answer, but early signs are that we will stick with the European position. The first G7 summit that the Prime Minister attended was notable for the fact that he stuck to the European position. The Foreign Secretary has done the same subsequently. What happens in the future I do not know, but to date that policy has not really shifted.

Q13 **Lord Rowlands:** The Lords EU External Affairs Committee concluded in 2017 that many of the EU's CSDP missions aligned with UK strategic objectives at the time. What are the EU's current foreign and defence policy objectives and how far do they align with the UK's?

Professor Anand Menon: The rather copout answer is that it is to be seen, I think. We are so preoccupied with what is happening internally at the moment that it is hard to discern foreign policy and foreign policy priorities. The one really interesting thing will be China; I suspect that the UK will adopt a more hawkish position on China than the European Union will, not least because the Germans are so tied into their commercial relationship with China that they will be wary of damaging that. If you get a division over China, that could spill over into all sorts of things, not least in relations with the United States, because whoever wins the presidency in November, I think the US's new line on China will stick. That is there for the foreseeable future. Apart from that, it is quite hard to say.

Lord Rowlands: What about Russia? What about relations with Putin?

Professor Anand Menon: We were always seen as one of the more hawkish member states round the table when it came to Russia and always on the side of stronger sanctions. Representatives of other member states used to say to me, “If it were not for the Brits, we would not be acting as tough on Russia”. We might, therefore, see a softening of the EU position. As I said, there is a discussion going on at the moment with a very traditional EU linkage being put in place by Cyprus: “We act on Turkey or we will veto action on Russia”. You might see a softening on the EU side. There is no sense of that here at the moment, because obviously for political reasons it is very hard for this Government to pursue normal diplomacy with Russia after what has happened.

Lord Rowlands: We traditionally talk about British foreign policy, French foreign policy, German foreign policy. Is it actually EU foreign policy?

Professor Anand Menon: No. The EU foreign policy, if you like, is the 29th. I do not think you have one foreign policy for 27; I think you have 27 foreign policies, plus one, plus the UK, sitting alongside each other, and they are sometimes contradictory.

Dr Laura Chappell: I would agree. You can look at EU member states’ individual positions on Russia just to understand that countries have very different views on how to deal with Russia. Poland and Lithuania, for example, like the UK have a very hawkish stance for obvious reasons. Countries such as those in southern Europe, and Cyprus, do not have such a strong interest. Of course, countries sit geographically in different parts of Europe, which determines in part where your threat perceptions are.

Lord Rowlands: If that is the case, how necessary is it for us to try to develop systems of co-operation, given that you both described how fractious foreign policy is within Europe itself?

Dr Laura Chappell: I guess there is always compromise. That is how politics in Europe works. Evidently, there is a position that countries agree to include sanctions where appropriate. While there are 27 countries, you will find that their foreign policies will overlap and agree in particular areas. You may not get 27 individual positions; you may get three or four broadly speaking similar positions. It is obviously for the UK to decide where we stand in respect of China, Russia and the US.

Q14 **Lord Lexden:** Unless our experts wish to add anything further, I think we have looked pretty fully at the difficulties of securing foreign policy co-operation in the changed circumstances, but maybe our experts have something to add further to what they have already said.

The Chair: Yes, did anybody want to make a wrap-up comment on that aspect of how far our foreign policy interests may become misaligned, having these structured ways of talking to the European Union?

Professor Anand Menon: There is politics and there are interests. Politics may lead to a misalignment, but geography points to a confluence of interests. What drives foreign policy will be a combination of a country's size and a country's geographical location. We are a medium-sized power. We are not a superpower. It is in our interest to collaborate, and it is more in our interest to collaborate with our nearest geographical neighbours because they face the same threats and are more likely to have the same interests as we do. However closely we work with the United States, the impact on them of what happens in northern Africa or in Russia will be different from the impact on us here in Europe.

The Chair: Could I perhaps ask Lord Dholakia to put the final question here?

Q15 **Lord Dholakia:** Can I come to the most topical subject? Has the Covid-19 pandemic had any effect on the need for the UK and the EU to work together in areas of defence and foreign policy and, if so, how?

The Chair: Brief wrap-up comments from both our witnesses if possible, please.

Dr Laura Chappell: I think that EU member states at the beginning of the pandemic turned in and very much focused on themselves rather than on working through the EU, per se, although there was some co-operation between Germany in particular and Italy, from what I remember.

Again, this is a global security issue. It is not just a European issue and it is important that we work with other countries, whether that is in respect to developing vaccines and treatments for Covid-19 or considering how we tackle pandemics in the future. So, yes, where it is in our interest to do so we should of course co-operate.

Professor Anand Menon: I would say three things. First, the pandemic will place increasing pressure on defence budgets because of its economic impact, and that increases the need for collaboration. Secondly, there is a new emphasis on self-reliance that will impact on our international relations—the friendship talks about becoming self-reliant for food. That will change things, particularly when coupled with the more assertive China that we have seen. I think attitudes towards China are one of the areas where we will see a shift directly due to the experience of the pandemic.

The Chair: Very good. Thank you very much indeed to both our panellists, Dr Chappell and Professor Menon, for a really fascinating hour. It is much appreciated. It has helped the Committee get into some very complex subjects. At this point we invite you to take a well-earned break.

Examination of witnesses

Ian Bond and Professor Michael Clarke.

Q16 **The Chair:** I welcome our two panellists for our second hour, Professor Michael Clarke and Mr Ian Bond. I will ask Michael and Ian to start by introducing

themselves, and then we will get into the same round of questions.

Professor Michael Clarke: I was the director of the Royal United Services Institute from 2008 to 2015. Before that I was a director of the Centre for Defence Studies at King's College, London, and I am a defence analyst.

Ian Bond: I am the director of foreign policy at the Centre for European Reform, and before that, for 28 years, I was a British diplomat, including a period working for Lord Ricketts on NATO issues in the early 1990s.

Q17 The Chair: Indeed. We are delighted to have you both. Your challenge is to not duplicate what we have had from our first panel, as far as possible. We will go through the same set of issues, but you will have your own perspectives on them. We will see whether we can arrive with a little bit more time for the questions that we were short of time for at the end of the first hour.

Can you launch off on the opening broad issue of where you stand on this question of whether the UK should pursue some form of structured co-operation over foreign policy or defence, if they are different? Do you think that the absence of a structure for our engagement with the EU is likely to have an impact on our foreign and defence policy interests?

Professor Michael Clarke: Certainly, the absence of a more structured relationship is suboptimal, but I do not think it will be terribly serious in the long-term. Since 2016, we have been waiting to see how the whole Brexit process plays out. Of course, now we are waiting to see how the transition period and the agreement or lack of agreement plays itself through. So I am not surprised by this.

Your previous witnesses said that Britain should be more willing. That might have been true in 2016-17, in the early phases, when Britain wanted a special third-party relationship—we wanted more than just third-party relations with the EU. But from then onwards that was clearly not going to happen.

If we look at the latest offers from the March document of the European Union, the foreign policy, security and defence partnership proposal, what is unacceptable about it, from Britain's point of view, is that the European Court of Justice is involved in all phases. Therefore, it would bring Britain into the EU legal framework that it is trying to leave. There is no mention of the European Defence Fund and nothing other than ordinary third-party arrangements offered for Britain.

Obviously, it is an offer—it is a draft document—but Britain was never going to agree to that. Britain's response to it in the framework proposal is simply to say, "Let us deal with it on a case by case basis." I think that is exactly how it will work out. After next year, my own view is that it will tend to be issue and crisis driven. If we look for a neat and tidy structural arrangement, we are not going to find it. It will work itself out in a very pragmatic way in the next five years after the end of the transition period.

Ian Bond: I agree with some of that and disagree with some of it. The first thing to say is that the EU does not really have a standard third-country template for foreign

and security policy co-operation. For example, in certain niche areas Norway has quite a lot of influence, but it does not have any formal agreement at all. At the other end of the spectrum, Canada has a legally binding agreement and even the schedule for meetings is set out in it, but probably feels that it does not have quite as much influence as Norway does. The British Government to some extent think that they can act like Norway and have influence without having formal structures. The question for me is that Norway also achieves that influence by agreeing to accept a lot of what the EU does in areas such as sanctions policy and the like, without having very much say in the process. I think that is going to be unacceptable to the UK.

In terms of what the EU has put forward by way of an agreement, I think Michael is being a bit ungenerous to it, actually. It offers, for example, pre-adoption consultation on sanctions, which is something that no other third country has written down in an agreement. As a matter of fact, you probably get quite a bit of that in the case of the United States and the EU but that is not written down anywhere, so that is something that is out of the ordinary.

Then in the CSDP area, there is an offer of involvement at relevant stages of the planning process proportionately to the level of the United Kingdom's contribution, which again is something that is not made explicit in relation to other third countries and their relations with the EU.

There would be something there for the UK to build on if it were inclined to do so. The view of the current Government is, "Well, indeed, yes, we can just do it all ad hoc." The view of most of the EU, not just the institutions but the member states, is you have to have some sort of pre-existing structures so you know—to paraphrase the old Kissinger thing—what number to phone in a crisis.

Q18 Lord Anderson of Swansea: You gave the reason for the UK being unwilling to respond to the agreement proposed in March. Can you elaborate on that and say what in your judgment are the key issues and has the UK position hardened since 2016-17?

Professor Michael Clarke: Yes, I think all positions have hardened, certainly in the last 18 months, for reasons that we all understand. Of course, it has been a very difficult process. I take what Ian says about what may be there in the EU's foreign policy, security and defence partnership document, but that is certainly not enough to attract the UK, or to make it believe that it is getting a special third-party deal.

As Professor Menon and Dr Chappell mentioned in the previous session, in a way it is the lack of bandwidth to address the detail of these questions that is now probably the most important factor. There is a sense that when we get through this year and, importantly, when we then get through the worst of the Covid crisis, there will then be the bandwidth to think about ways of perhaps institutionalising some of the mutually desirably relationships that we might have.

At the moment, the idea that the United Kingdom would not play any role in command and control and would not be part of any planning process means it is quite difficult to imagine circumstances in which UK forces would be committed to an EU operation, certainly not in the early phase. If an operation was working, say, in the Mediterranean or north Africa differently to the ones that are ongoing now, and it was in Britain's clear interests to strengthen them or join them, the question of involvement in command and control would then be up for negotiation in a more pragmatic way. But it would not be set out in advance in any neat and tidy way, as this exchange of documents has suggested.

Q19 Lord Anderson of Swansea: Thank you. I noticed in our last session no one mentioned the European Defence Agency. What conclusion are we to draw from that? Is the EDA fairly useless? I know that the UK has considered leaving it, but the last figures I saw were that of its research budget, we and France produced over two thirds. If our element is withdrawn, does that mean that it will be substantially weakened?

Professor Michael Clarke: I will let Ian go ahead on that one.

Ian Bond: I was rather hoping that you would go first, Michael, but that is fine. My sense is that the British defence industry is not all that excited by what is on offer from the EU side. That probably influences the British Government's desire to be more active. The multi-annual financial framework settlement that the EU has just reached, which has quite substantially cut the amount of money available for defence by comparison with what the Commission originally proposed, has rather cemented the view among British defence manufacturers that there is actually not a lot of seriousness in what the EU wants to do and that, therefore, it is not worth paying a significant price to be allowed to take part.

Professor Michael Clarke: Perhaps I could just add then on the EDA front, I remember well, when the EDA was established, it was very much a British initiative to start with. It was intended as a capabilities organisation, to increase the military capability which, of course, from the British point of view, is the holy grail of European defence planning. By the time it was established, we had a good input into it and really made it work, but then it became rather more generalised as tending towards common procurement issues rather than straight capability improvements.

As Ian says, the ambitions, for instance, for the European Defence Fund, the EDF, were originally set at €13 billion. At the moment, €0.5 billion have been committed from the budget that presently exists. The new EU budget starting next year will put far less into defence, into the EDF and into EDA initiatives, than was originally planned even two years ago. Again, we have to say that the efficacy of these particular institutions—the EDA and the European Defence Fund—will all depend on how the EU states emerge from the Covid crisis and what the state of their public finances is in an EU lacking Britain's 20% contribution to the budget. It will be very testing and difficult.

The Chair: We are going to do a quick return to the foreign policy co-operation and we will come back to defence. I was going to ask Baroness Goudie to follow up on the foreign policy side.

Q20 **Baroness Goudie:** Good morning. The Government appear to have ruled out any future co-operation with the EU on foreign policy, while leaving it open for an idea of ad hoc collaboration on defence. How likely is that co-operation between the UK and the EU to differ in the future between both of these areas?

Ian Bond: I am not sure whether the UK has ruled out foreign policy co-operation. Certainly, there is a very strong impression in Brussels that the Foreign Secretary has carried forward his dictum from last summer, when we were still members, when he told British diplomats they were basically only to attend EU meetings when it was absolutely unavoidable in the national interest.

Now there seems to be a similar dictum to minimise UK contacts with the EU institutions and instead to maximise bilateral and multilateral contacts, including perhaps in particular with the E3, so with France and Germany, and to try to extend the role of the E3 beyond Iran and use it as a way of getting the French and Germans to present the British point of view within the EU institutions. In the long term, I think this is going to be quite ineffective, but there seems to be a desire to minimise the extent of contact with the European External Action Service and those parts of the Commission that are involved in foreign policy in one way or another.

Whether that goes along with ad hoc co-operation in the defence area, I suspect that in the end you end up in more or less the same place, trying to do as little as possible with the EU institutions and as much as possible inter-governmentally. Both the CFSP and CSDP lend themselves to that in most areas, with some exceptions, and one of those is sanctions policy. We will struggle to do what we want to do without having contact with the EU institutions on sanctions.

The Chair: Very good. Briefly, Michael, and then we will move on.

Professor Michael Clarke: Yes, I would go along with all of that. The framework for Britain is likely to emerge as some variation on the E3. Certainly, a lot of effort is being put in in London to try to create a de facto E3 that applies to things other than Iran. We talked about a European Security Council as a possibility. There is a lot going against that, even though there would be some advantages. Britain is clearly hoping for an ad hoc emergence of London, Paris and Berlin as the driver of more coherent policy, around which other European states could coalesce. Again, that will depend on the way things work out next year and the issues that are there to be confronted. We will deal with those issues if we look at strategic alignment, which may be a later question in the series.

The Chair: Lord Kirkhope that is a very good introduction to your set of questions.

Q21 **Lord Kirkhope of Harrogate:** I am very interested in what I have just been hearing. In a way, it is a question of mood music—the Foreign Secretary’s decision to operate some kind of arm’s length arrangement once we decided we did not want

to be in the EU anymore, and what the potential is in terms of intergovernmental relations in future. I mentioned earlier in our session about President Macron's idea of a European Security Council, which he came up with last year and it did not seem to get very far. Having been in Europe for many years, I came to the impression that the rules are the rules and third countries are third countries, eminent and important as we are.

What I am asking you is where you think the scope lies for future fora in which we can take part to maximise our relationship—if we want to do so—with the European Union and theirs with us. The relationship at the moment is going to be very sour indeed, because of the way in which these negotiations have been going and the attitudes we seem to be taking at a time when we perhaps should be warming them up rather than cooling them down. I want to know what the options are. Whatever Government there is, whatever attitudes there may be here, what are those options available to us?

Professor Michael Clarke: You are absolutely right. The atmospherics are very poor at the moment. I have always said that European progress on foreign and defence policy always depends on the personalities between Britain, France, Germany and sometimes Italy. One is looking for a coincidence of leaders where leaders are strong personalities, domestically strong at home, and they agree with each other on key issues. When you have at least three out of those four leaders in that category then things happen. If you do not have more than one out of three or four of those leaders who are strong people, strong at home and agree, things cannot happen and that is where we are at the moment.

We lack that consensus among strong leaders who are strong at home to be able to take things forward, so the scope for progress will be realistically between the E3 as they look at the world of the 2020s. The European Security Council idea could be very useful if it could somehow be made acceptable to the EU as a whole, but I do not think it can. It is not clear, as these ideas develop whether they are a way of giving the EU greater clout or keeping the United Kingdom involved in a power structure among all of the Europeans? That is probably an irreconcilable question.

Just briefly—do not get me started on this—the problem of the security consensus in Europe is very profound. It leads to a situation where the Chinese and the Russians pick us off on sanctions, on the South China Sea. They pick off the members of the European Union and NATO one by one and they just peel the consensus away. Unless the E3 can somehow become a political force within Europe, or some variation of a European Security Council could become a reality, we are going to continue to be picked off. That is partly down to the coincidence of leaderships that we have just at the moment.

The Chair: Mr Bond, how do you comment on that?

Ian Bond: I largely agree with that. There is a danger, though, in putting all of our eggs in the E3 basket. One of the things that British Ministers tend to do is neglect the medium-sized countries in Europe. David Cameron was quite keen on the

meetings with the Northern Future Forum, with the Nordic-Baltic group. That has rather been allowed to wither on the vine, which is a great pity, because there are a number of like-minded countries there. There are the countries that contribute to the Joint Expeditionary Force. There are some opportunities there for the UK, but we have to look as though we really mean that we take seriously the medium-sized countries within Europe and do not just think that we can always fix everything with the French and the Germans.

It was portrayed to me that the London view was that, if you got the French and Germans fixed, they would effectively issue orders to the EU institutions and that would be sufficient. The evidence shows that that is not really sufficient. You have to work on a wider group of countries than that.

Lord Kirkhope of Harrogate: Certainly, in my experience in the European Parliament over quite a lot of years now, I got the impression that the British were very interested indeed in working out new groupings, particularly with the central Europeans, for instance, who had a slightly less warm view about the institutions of Europe and others maybe, and, as you say, the Nordic and Baltic states. There were quite a lot of very interesting and positive initiatives going on but, of course, we are now where we are. We are no longer members of the EU, full stop. To that extent are these groups now more loyal to the European Union than they are to any new concept of having an arrangement—bilateral or whatever it may be—with us?

Ian Bond: That is a good point. The thing about the Nordic-Baltic group is that it already includes a couple of European NATO but not EU member states in Norway and Iceland and, therefore, in some ways perhaps it is a more comfortable place for us to sit. However, after meeting pretty much every year under David Cameron, it has only met once since he ceased to be Prime Minister.

The Chair: Very good. Thank you very much. Let us come back to the defence angle and Lord Arbuthnot.

Q22 **Lord Arbuthnot of Edrom:** Thank you. We heard from Professor Menon and Dr Chappell that the UK never fully engaged with the idea of co-operation, either in operations or industrially in procurement. We have also heard—both from them and from you—that the financial effects of Covid will mean that there will be great pressure on defence budgets, which implies that increased collaboration would be a good idea. How do we get round this and, on procurement, is there a fundamental problem of the misalignment of procurement timescales for different items of equipment?

Professor Michael Clarke: Lord Arbuthnot, you are absolutely right that procurement will be even more difficult to manage in the light of the Covid crisis. One thing that is now irrelevant in a sense for the next couple of years in NATO is the commitment to spend 2% of our GDP on defence because everyone's GDP is taking a big hit, so it is 2% of a falling figure. It will take a little time to establish more realistic targets in, say, 2023-24 as to what collaborative defence expenditure should add up to.

In procurement terms, yes, there is a problem of the cycle. The two big procurement projects at the moment are Britain's Tempest project for future aircraft to replace the Typhoon. Again, it will be a new sixth generation aircraft, possibly with a lot of robotics involved in it, both a manned and an unmanned craft of some sort. We are at the beginning of that process, and we are not part of the Franco-German efforts to create their own sixth generation aircraft. I worry that these two projects are going to be fratricidal and that the Europeans in general will not realistically be able to produce two types of sixth generation aircraft that will stand up to international competition from the United States and China and also Russia. That is one big example.

The other big example, of course, which is back in the news this week, is Galileo. The whole Galileo problem of having a separate satellite-based communication system with military applicability is that it is very expensive. It is only one end of the whole space procurement problem that I think all the Europeans have to face. We are looking at some very tight decisions that all of the Europeans will have to take as they emerge from the Covid crisis. How they will go, I do not know. So far, we have all been fairly doctrinaire about it. You would think that more pragmatic views would prevail, but that has not necessarily been the case in the past.

One final point I would make about that is that British defence industries are more naturally transatlantic and international than many of our European partners. It is only a matter of degree, but it is quite a big matter of degree, that Britain is not as Pan-European as many of our European partners naturally are, and that asymmetry may play out differently as we get into the mid years of this decade.

The Chair: Ian, do you want to follow up on that or should we move on?

Ian Bond: The only thing I would add is that there are a number of other countries in Europe whose defence industries also have strong transatlantic links, and which are concerned at the direction that EU procurement policy is going if the result of it is to make Europe more protectionist. We have some potential allies on the inside of the EU who are still not persuaded that, behind the EDF and other European projects, there is not a very French industrial agenda.

The Chair: Thank you very much.

Q23 **Baroness Primarolo:** I want to return very briefly to the question of the CSDP. The Government have made it clear that they want to consider future involvement. Professor Clarke, you laid out at the beginning that it would be on an ad hoc basis, perhaps, and that it would need to take into consideration the military strength and expertise of the UK and what we bring to the table through the command and control. What I am interested in, and I feel is maybe a contradiction here is around what exactly the value is for the UK to be involved in discussions over the coming years in the CSDP. Is it being at the table, having the influence and being able to join up the dots—and that will take longer to put in place, but it has not been consigned to the rubbish bin? I am trying to get a sense of where this fits in our strategic objectives as a country, given its quite modest role at present.

Professor Michael Clarke: That is a very good question. You could have said at any time in the last 10 or 15 years that the European Union as a whole works its way towards common positions that its major powers try to take. The United Kingdom is quite a tough-minded foreign policy player in the European Union, in terms of relations with the outside world, on Middle East issues, relations with Russia, and the transatlantic relationship. Britain has always been very proactive. You could have said at any time in recent years, “Well, that is something that we work through and we try to stiffen the sinews of our EU partners.” We will still try to do that, but we are not in the room in those discussions that the EU will be having among the 27 in order to do that. So, the process will be more difficult, may take longer and may not happen to the same extent.

In a way, the United Kingdom will carry on in the same sort of vein but it will have to invest more diplomatic effort and be prepared with more fallback initiatives, particularly on things that really matter to us: sanctions against Russia and holding the line on sanctions in relation, say, to Iran, along with our European partners, and taking the views that we do on China. As I said, Russia and China are picking off our natural allies with monotonous regularity on particular issues.

As we are out of the room now, it does not alter our fundamental approach, but it will make it more difficult to implement it. Undoubtedly, some of our partners—like Poland and the Visegrad countries—are very unhappy that we will not be in the room, because they took the view that they lined up behind Britain on a lot of issues that mattered to them as much as they matter to us. That will be something that we will have to try to compensate for. Out of the Integrated Review of Security, Defence, Development and Foreign Policy, which is due to report in November, I would hope there will be a new approach to that side of our relationships, which will give us some more impetus to do the sorts of things I have been talking about.

Baroness Primarolo: On the diplomatic front, on the interaction between CSDP and our role on the Security Council, we influence the CSDP and then we use CSDP to pray in aid to support a position that we might want to argue for on the Security Council. Are we weakening that link, as Professor Clarke seemed to imply? Will we have to put more effort in, to draw those strings together to give us our position in larger forums?

Ian Bond: Yes, unquestionably. To be fair to the Foreign Office, it recognised at a fairly early stage after the referendum that it would need to increase its political effort in European posts that had been quite significantly reduced over the previous decade or so. In a way we concentrated on being able to do things economically in Brussels, where one diplomat could meet 27 others. We have rebuilt the European political network in a way that we had not seen in quite a long time.

We have to put a lot more effort in to get the same result in terms of aligning EU member states, whether that is in New York or wherever, and sometimes you are going to fail. That may be on issues that matter quite a bit to the UK, like the status

of the Chagos islanders; most of our EU partners abstained on voting on that recently. So we do lose some influence.

With the CSDP and actual operations and missions, we have been a relatively limited contributor in the EU, but we have been quite influential upstream in terms of operation planning and so on. Again, the risk is that we see the EU doing things that we think are, broadly speaking, in our interests, such as fighting against terrorism in the Sahel. We no longer have the ability to influence how they do that. If we think that they are doing it wrong, we have to find other ways of persuading EU member states that they are doing it wrong, and that is harder to do.

Q24 **Baroness Hamwee:** Thank you. That is a useful lead in to my question about PESCO projects. In fact, you may feel that you have pretty much answered it. I was going to pick up on the point that Ian Bond made about the importance of relations with medium-sized, like-minded countries and whether, if we focused on those a bit, that might help us get invitations to join in PESCO projects. You might both feel that everything you have said applies to this question anyway.

Professor Michael Clarke: I have a couple things to add on PESCO that were not said before and which might be of some help. One is that the PESCO objectives are very expansive indeed. According to PESCO, they are the same objectives as NATO. It is very ambitious.

The 47 PESCO projects fall into seven different areas: training, air, land and sea, space, cyber and joint operations. On those 47 projects, as Dr Chappell said, one has to be invited to these things as a third country, and we may or may not be invited. But one of the areas in which Britain could demonstrate some expertise that matters is in disaster relief, for example. You mentioned medical command. There is something there, because we have very good experience of combat medical operations. British medics have done a lot of combat and combat medicine compared to many of their European partners. Similarly, there are crisis response operations, some of the surveillance systems and maritime surveillance systems, as well as in-the-air systems, with work on drones and on counter-drone technologies. They are also of some potential interest. Possibly in the cyber domain, there is also something on incident handling and information sharing.

There are probably four or five areas in those 47 in which Britain has expertise that would not tread on the toes of too many other EU members. But then there are the other areas, such as land systems, where one of the big developments is the Leopard 3 tank. That is something that the Germans and the French certainly would not want British involvement in. Then there is the development of a major airship, and of a combat corvette in naval systems. There is no way that Britain could make any useful contribution to those sorts of things because, by and large, they are all big procurement projects with national backers.

There are certainly some areas of PESCO that are sufficiently non-sensitive for Britain to show that it has some involvement. It would have to go into a courtly dance to, via the backdoor, indicate to our European partners that there are all

sorts of useful things that might be developed, and then persuade our PESCO partners to go through the front door and offer an invitation. But I would not rule it out in the years to come, because everyone's budgets will be stretched, and we will all be looking for ways in which to be more effective in the things that really matter at an operational level.

Baroness Hamwee: In this minuet that you suggest we might be dancing, our dance card perhaps might make it a bit clearer that we are interested in these soft projects, and not to be too ambitious in saying that our interest is in big procurement?

Professor Michael Clarke: Yes. Our interest is in the co-ordination of, as you say, soft assets that can be more easily made effective. On the big procurement projects, they will go the way they will go. Like most people in the UK, I am pretty sceptical that PESCO will make real progress in ways that it was originally intended that it might. I suspect that it will fall back into the same sort of syndromes that all previous initiatives have fallen back into, but there is no reason why Britain cannot be useful in some of the more peripheral areas that would have a political benefit in showing that, yes, we can collaborate even after Brexit.

The Chair: Conscious as ever of time, I will jump onto the bilateral defence co-operation projects. You have already covered some of the key points, so I am going to go straight to Lord Anderson of Ipswich to follow up on those.

Q25 **Lord Anderson of Ipswich:** Thank you. We have heard that co-operation is often issue driven or crisis driven or, Michael, you have pointed out relationship driven when you are looking at the large countries in Europe. Of course, there is at least one template for strategic long-term bilateral co-operation, which is the Lancaster House agreement with France on defence security and nuclear co-operation. First, what is your assessment of the prospects for that agreement? Do you see other possibilities for strategic co-operation of that kind, particularly perhaps in some of the new areas that you have mentioned, such as cyber, drones and space? Do you think that from the perspective of the EU member states, PESCO is really where that stuff is going to happen, at least for the time being?

Ian Bond: I must say I am slightly concerned about Lancaster House. Other speakers have indicated that there seems to be a bit of a loss of momentum. These things take some investment of political effort to make them work, and I am not sure that I see that going on as much as one might hope.

In terms of other bilateral relationships, there was talk a couple of years ago of having a kind of Lancaster House equivalent with the Germans. That seems to have been put completely on ice, which is a pity. I would like to see us doing more with Poland and Sweden, countries that in many respects share many of our strategic preoccupations in northern Europe. I worry that the Government have been seduced by the attractions of the South China Sea and palm-fringed islands and are not paying enough attention to pine forests and unpleasantly snowy parts of Europe, where there are some quite significant threats facing us and where

countries would like to work with us if we would put the effort into working with them.

Professor Michael Clarke: I would just add to that. Yes, the UK-Poland arrangement in 2018 was a treaty; it was a treaty on defence and security co-operation with quite expansive terms. It was quite a good framework. I would very much agree with Ian that it was a great shame that we did not parallel the Lancaster House agreement 10 years ago with something similar with Germany.

If Brexit Britain wanted to be very imaginative in the 2020s, to show that we are totally committed to European security, there is no reason why we could not have strongly worded defence co-operation agreements that would have the value of a treaty with Germany, Sweden, Canada or Denmark. With regard to north Atlantic countries, there is every reason for Britain to take a lead within north Europe and the north Atlantic on certain defence and security co-operative arrangements. This has been talked about on and off for years, but it would be a very good move to go in that direction in the early 2020s.

Q26 Lord Polak: I am going to move on into a different area. There seems to be a lot of talk of policy and a plethora of organisations that are doing the talking. I always try to be practical, and I would argue perhaps that the most significant foreign policy breakthrough, notwithstanding Covid, has been the UAE-Bahrain-Israel agreement. Why do you believe that the EU and even the UK was nowhere near the top table?

Ian Bond: The UK, to use a phrase that has already been used, lacks the bandwidth. Everything is focused either on Covid or on Brexit, and there is not much else going on in a lot of areas of foreign policy. I would have liked us to be more involved in the issue of Belarus, where Poland and others have been taking the lead. I would have liked to see us more engaged a few years ago on Ukraine, where it was left to the French and Germans and we absented ourselves. I am not entirely surprised that we have absented ourselves also from questions in the Middle East, although I think it is a pity.

Professor Michael Clarke: I would just throw into that that Britain has a lot of diplomatic ground to make up in the next few years. When we get through the Brexit transition phase, when we see how the 2020s look, when we get through our integrated review and towards the end of the worst of the Covid crisis, we will have a lot of diplomatic ground to recover that has been let go in the last six or seven years.

Lord Polak: I agree with that, thank you. I will just remind you of the Balfour Declaration of 1917, we were in the middle of the world war.

The Chair: Indeed, fair point.

Q27 Lord Rowlands: Given the situation, do you think that foreign defence policy objectives UK-wise and EU are going to converge more in the next 10 years?

Professor Michael Clarke: Their tactics may diverge but their strategic interests are remarkably similar in many key respects. From my point of view, Russian pressure is

not going to change in the near term. We are facing a Russia now that we will face for at least the next 10 years. Mr Putin is now known as Putin the Indefinite. He will be there probably until 2034.

There is this problem of declining European security consensus, which is not in our interests any more than of our EU partners, and we must address that in NATO and in broader political terms, while our European partners address it in the EU.

We have a geopolitical challenge from China through the Belt and Road initiative, which is also backed up by Chinese economic leverage, which we are beginning to feel fairly acutely. We all feel that in Europe. Then we can add to that the question of Middle East and north Africa. There is the possibility that the Mediterranean theatre will be very difficult in the coming years. There is an eastern Mediterranean crisis that is about to get much worse and will bring in other issues.

Finally, as was mentioned in the last session, there are future transatlantic relationships. All of us Europeans will have to try to redefine our relationship with the United States, whoever wins the election. The US is not going to be the sort of power that it was in relation to Europe in the coming years, whether it is a Biden-led presidency followed by Democratic presidencies for the next 10 or 15 years, or whether Mr Trump wins and there is a Republican run right through to the end of the 2020s. Even in those circumstances, the attitude of the United States will be significantly different to Europe, and we all have to think through a different strategic relationship.

In those respects, Britain and its European partners have very common geopolitical and strategic interests to try to define, even if their tactics will vary.

Lord Rowlands: At the same time, we are going to be searching the world for new trade deals, and our whole emphasis will be not so much European but more transatlantic and global.

Professor Michael Clarke: That is absolutely true in foreign policy terms in general, but our security interests, in my view, lie very firmly in Europe. That is more so in the 2020s than before. What we have to do is to perform this trick of making sure that our European homeland is as safe as it can be in order to enjoy the benefits of being more global in our orientation in economic affairs and in our broader political relationships. It is a very ambitious agenda but, if British history teaches us anything, it teaches us that Britain can only be a globally significant power if the European neighbourhood is essentially stable.

The Chair: I am going to bring Lord Lexden in on the same sort of theme, before turning to the Covid issue.

Q28 **Lord Lexden:** As regards foreign policy, to what extent might the UK's position become increasingly misaligned as a result of a lack of formal co-operation in this area?

Ian Bond: For the reasons that Michael Clarke just set out, our interests are likely to remain fairly well aligned. The problem is about what programme of action we have to respond to crises, and so on. The British Government's view is that you can rely on ad hoc consultation in a crisis and the EU view is you need to have some standing structures so that you do not have to reinvent your means of consultation and toolbox every time there is a crisis.

I hope that after we have established ourselves and said to the world, "We are autonomous again, we are independent, we are not part of the EU any longer", we can then settle down and start being a bit more pragmatic about this. It seems to me that in areas such as sanctions, we need to think much more in terms of consulting and co-ordinating with the EU on a regular basis.

The Chair: I am just going to take five more minutes over our scheduled time to deal with what is a very important question about the pandemic impact.

Q29 **Lord Dholakia:** My question relates to the UK and EU strategic objectives. Has the Covid-19 pandemic had any effect on the need for the EU and UK to work together in areas of defence and foreign policy and, if so, how?

Professor Michael Clarke: I have nothing else to add to what I said earlier, or what was said in the previous session, other than that it will reduce defence real expenditure in Europe for a couple of years and it puts back the sort of pragmatic discussions we were talking about maybe for another 12 months. There is no silver lining in defence and security terms to the effect of the Covid crisis.

Under the cover of the Covid crisis, some of our adversaries are behaving in very aggressive ways in their own spheres: China in relation to the Indian border and the South China Sea, as well as in its Hong Kong policy and its policy in Xinjiang. You can see similar things happening to a limited extent in Yemen and in the Horn of Africa. The Covid crisis, in a sense, has made some issues that are problematical for Britain even more problematical because the world is too distracted to deal with them in a more balanced way.

The Chair: Thank you. Ian, would you agree that the pandemic is changing how the EU countries are looking at the issue of strategic autonomy?

Ian Bond: Yes, I agree with that and with everything that Michael has said about the way in which the Chinese, in particular, have exploited their early exit from the Covid crisis to put additional pressure on countries in their neighbourhood while in some ways the rest of us are distracted.

If there is a silver lining, it is that it has concentrated European minds—and this also comes to the question of strategic autonomy. It has concentrated European minds on issues to do with supply chains and supply chain vulnerabilities. For the UK, when we talk about global Britain and so on, we may need to look at the vulnerability of supply chains that stretch across the world, most of which seem to begin and end in China. It seems to me that that is an important lesson that a lot of European countries are drawing from this crisis. It applies to some extent also to defence-

relevant technologies. You suddenly discover that a widget that you did not imagine was vital is, one, vital and, two, produced in one factory in China.

The Chair: Thank you very much indeed to both Professor Clarke and to Ian Bond for a really fascinating hour, which ranged very widely. Thank you also for being with us for the first hour and for your evidence. You have helped the Committee get our minds around a very broad and important set of issues that had not had a great deal of public coverage in the debates about the framework agreement and negotiation. Thank you very much from all of us on the Committee. We will produce a transcript and let you correct that. With that, I bring this meeting to an end.