

European Affairs Committee

Corrected oral evidence: The future UK-EU relationship

Tuesday 25 October 2022

4 pm

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Members present: The Earl of Kinnoull (The Chair); Lord Jay of Ewelme; Lord Lamont of Lerwick; Lord Liddle; Lord Purvis of Tweed; Baroness Scott of Needham Market; Viscount Trenchard; Lord Tugendhat; Lord Wood of Anfield.

Evidence Session No. 5

Heard in Public

Questions 46 - 63

Witnesses

I: Sir Julian King GCMG KCVO, former European Commissioner for the Security Union and former British Ambassador to France and Ireland; Lord Ricketts GCMG GCVO, former National Security Adviser, Permanent Secretary at the Foreign and Commonwealth Office, and British Ambassador to France; Lord Stirrup, KG GCB AFC, former Chief of the Defence Staff.

Examination of witnesses

Sir Julian King, Lord Ricketts and Lord Stirrup.

Q46 The Chair: Welcome, everybody. Welcome to those who are watching, and welcome to this hybrid House of Lords European Affairs Committee. We are conducting an inquiry into the future of UK-EU relations. This is the fifth public evidence session of that inquiry.

We welcome the three witnesses we have today. We have Lord Stirrup, who was Chief of the Defence Staff; Lord Ricketts, who was National Security Adviser, Permanent Secretary at the Foreign Office, and ambassador in Paris; and Sir Julian King, who was the EU Commissioner responsible for the Security Union and ambassador in Paris at another time. We are grateful to you this afternoon for coming along for what I hope will be an interesting evidence session.

We are a public session and therefore a transcript will be taken. We will send it on to you in due course and we would be grateful if you could tell us of any corrections that need to be made to it. If things occur to you afterwards, if you could send us an email or something, we will include that as well. The transcript of course will be the basis of what we say in our inquiry report.

We have a broad lot of questions to ask you and I would be grateful if both questioners and answerers could keep questions and answers crisp.

At a high level, starting with Lord Stirrup, what impact, if any, has the UK's departure from the European Union had on defence, security and foreign policy co-ordination and co-operation following Brexit?

Lord Stirrup: Thank you for the invitation to appear. It is a pleasure to be here. The UK's departure from the European Union has had a variety of impacts, but it depends upon what aspect of defence and what level of defence one looks at. Clearly, there were some immediate practical impacts on the EU missions in which the UK was involved. I think particularly of the headquarters at Northwood, which played a major part in Operation Atalanta and Operation Sophia, and the UK's involvement in them. There were some significant impacts there.

On the other hand, the UK has for a long time had very strong bilateral relationships, particularly on the military front, with Germany but most particularly with France. They have continued to be strong. Our involvement in European defence issues, if I can put it that way, has continued on that bilateral basis, and of course more widely within the context of NATO.

The most important feature of our departure from the EU, though, has been our absence from the engine rooms where policies are talked about and gestated. Decisions on policies are made at the highest level but, as we know, that is not where the policies originate. That is not where the ideas originate and that is not where they are first tossed around. For example, the first thing that happens when a CSDP mission is being considered is a policy analysis, as my colleagues here will be able to describe in more detail, and it is those sorts of discussions at the policy level that are missing.

In that context, it is important not to confine this discussion on this particular point just to defence, because just about all military operations are about delivering some kind of political objective, some sort of political outcome. The political objective, the foreign policy objective, has to be the starting point for all this. The discussion about those kinds of objectives are also things in which we are no longer involved in the EU at the engine room levels. There has been a profound effect at the most basic and most important levels of developing foreign security and defence policy initiatives as a result of our withdrawal from the EU.

The Chair: That is very helpful. You have opened up a number of issues, and we will come back to them later on in the question set. Lord Richetts.

Lord Tugendhat: I address myself first to Lord Ricketts, but I would be interested to hear the other two as well.

To what extent do you think the Government should prioritise engagement with the European Commission as distinct from its bilateral relationships with EU member states? My impression, both in my own past and more recently, is that there is a tendency to downgrade the Commission and to sideline it in preference to dealing with member states.

The Chair: Lord Tugendhat, I wonder if might interrupt. I was hoping to finish on my area and then come to that very interesting question.

Lord Tugendhat: I am so sorry, I thought you had turned to mine.

The Chair: No, I was going to Lord Ricketts. We will come back to yours in a moment.

Lord Ricketts: Let me pass the ball to Sir Julian in a moment, who then, I am sure, can answer the question too, certainly better than I could.

Thank you for this opportunity to discuss these issues. I agree very largely with what Lord Stirrup has said. To unpack the big basket of subjects under this heading, in some areas there has been no real impact. Intelligence cooperation goes on outside the EU structures and, I think, is largely unaffected.

On internal EU justice and security issues, there is a well-established structured relationship. I hope to say later that I think we need to keep an eye on that here in the House of Lords in order to scrutinise what is happening under the provisions of the TCA on that, but there is a relationship there.

In foreign and security policy, there has been almost a complete stop to any policy discussions between the UK and the EU, which is remarkable when you think that we were an integral part of that enormous structure of consultation, co-ordination and policy-making until we left. There is no structured ministerial co-operation at all. As far as I am aware, there is one area of working-level co-operation, a UK-EU working group on Russia sanctions, which is doing good work but is barely avowed by the Government. We have absolutely no engagement at all in the important debates getting going on European strategic autonomy, the future of Europe as a global political and security actor. I hope we can come back to that.

The absence of any useful foreign security defence co-operation at the EU level is also having a chilling effect on the bilateral relationships. Here I slightly diverge from Lord Stirrup. The UK-French relationship at the operational military level is, I think, still very good. Nuclear co-operation is treaty-based and is immune from political problems. But the defence industrial co-operation has very largely withered; it was a very active area when I was ambassador, starting with the Lancaster House

agreements in 2010. There is some activity in MBDA on missiles, but large areas of that have withered.

That is the chilling effect of Brexit and the poor relations between the UK and the EU. Even the bilateral relationships in some areas are chilled. I will leave it there, because I think we will come back to many of those issues.

Sir Julian King: Briefly, following my two colleagues, there is no structured relationship on foreign policy or international security, as Peter just set out. That has consequences, which we can dig into a bit more, but we must not forget that there is a structured relationship set out in the TCA for what you might call internal security, JHA affairs.

In that narrow and precise area—a still very important area—there is a set of arrangements that were agreed and that work. They are obviously not as comprehensive as being a member; they could not be. But they are more effective than some of us had feared, both when it comes to the agencies that deal with these issues—notably Europol, which you will be familiar with—and the legal framework for things such as extradition, sometimes called surrender, which was put into the TCA; so it is not EU law, but it is agreed jointly in the TCA.

On the question of sharing information—primarily police information, but not only police information—to fight terrorism and other serious organised crime threats, information is shared through databases and a series of networks for co-operating on a range of subjects, including protecting elections, cybersecurity and things like that. Those arrangements are set out and are more or less effective. I wanted to note that before we go on to some of the areas where there are gaps and challenges.

Obviously, recent events have served to underline and reinforce the importance of NATO and the G7. That has certain positive consequences for co-operation between NATO and other organisations, including the EU. But I would like to say at the outset—others may have other views, and we can go into this in more detail—that recent events have also underlined the European Union's wider security role, because the European Union does a number of things that, if you take a broad approach to security and defence, are extremely relevant to current challenges.

Sanctions have been mentioned. The delivery of sanctions policy, for EU member states and for many other countries that follow what EU member states do in this area, is done through the EU.

There is some quite significant support to Ukraine in training and the purchase of material, and that is done through the EU.

If you slightly widen the scope of what we are talking about, still highly relevant from a security and a defence perspective is energy security. We can dig into that if people want to.

The protection of critical infrastructure, including digital infrastructure, is much in the news at the moment. In general, there is building resilience—making sure that you have access to scarce resources and avoiding overdependencies as far as possible, which is another area of security that has been highlighted by recent events. All are central to the work that the EU does.

Those are broader security and defence considerations that are relevant to the kind of co-operation that a country might have with the European Union.

The Chair: That sets the scene today for our inquiry.

Q47 Lord Lamont of Lerwick: Could I could put a question to Lord Ricketts? You said that we were not involved in discussions about strategic autonomy, but would it not be extraordinary if we were involved in discussions about strategic autonomy? Now that we have left it is absolutely none of our business whether they pursue strategic autonomy or not. It is a very political objective supported by President Macron, but I would not have thought that a third party could expect to be part of a working project. It might have views as to how it might affect it, but it could not expect to be intimately involved in it. That is the first question.

Secondly, when you say that defence collaboration has stopped, have any projects been cancelled?

Lord Ricketts: I am not suggesting for a moment that Britain should be involved in the policy-making within the EU, but I would say that how the EU develops its role in international peace and security and how it defines its strategic independence affects our interests as a European country; and that if we had a regular dialogue with the EU—six-monthly ministerial meetings or something—we could at least exchange views on wider European issues to do with independence—independence from China, for example—with technology, and so on.

I see the development of the EU-US Trade and Technology Council, which is delving into exactly these issues, but there is no EU-UK equivalent. It is absolutely not America's concern how the EU develops its policy, but there is a strategic dialogue going on between the EU and the US on these very issues, because they are of interest to both sides. I would argue that it is exactly the same thing for the UK. That is not a dialogue that can easily happen in NATO. They are not subjects that NATO covers.

So I think there is a gap at the level of consultation and exchange of views on these major issues—the development of artificial intelligence, China's ambition to dominate certain areas of next generation technology—where the UK and the EU ought to be talking, as the EU and the US are.

Secondly, yes, there are defence projects that have fallen away. There was a very major centrepiece of UK-French defence co-operation—a future drone, a so-called future combat air system between Dassault and BAE—which was one of the centrepieces of the Lancaster House

agreement. A lot of money was spent on demonstrator phases, but it has now collapsed and been replaced with a Franco-German project and a British-Italian-Swedish project. There is one example.

Lord Lamont of Lerwick: That was cancelled because of Britain no longer being part of the EU.

Lord Ricketts: I think it was cancelled as part of the wider collateral damage from Britain leaving the EU and France deciding that it wanted to put its efforts into Franco-German rather than Franco-British co-operation.

Lord Stirrup: My understanding, and you would need to get some expert evidence on this, is that one of the fundamental problems with that project, which, as Lord Ricketts says, was absolutely central to the Lancaster House agreement, was to do with industrial difficulties between the two sides. There was a perception by British industry that French industry was essentially mostly interested in getting hold of British ideas and feeding them through into their own industry for their own benefit. Whether or not that perception was fair, I think it is true to say that there was a basic breakdown of understanding on the industrial side, which was the main reason why the project collapsed in the first place.

The Chair: Thank you. We are stuck on the past a bit. We will have one question, from Lord Hannay, and then make some progress as we move into the future.

Q48 **Lord Hannay of Chiswick:** It is quite a short question. I was struck by what Lord Stirrup said about us being absent from the engine room of cooperation. The engine room of co-operation, which I imagine Sir Julian had some responsibility for when he was at the Commission, is the Political and Security Committee, where all these matters are discussed. The question is not whether we could have stayed in it; it is what impact, if any, the UK's departure has had on it. I would like Sir Julian to comment on the loss of that co-operation.

Sir Julian King: Some of the issues that we have discussed are taken by the Political and Security Committee internally among the EU member states. Quite a lot of them, because of the broader nature of security and defence challenges that we have already referred to, are taken by a body that you know well, Coreper, and obviously non-members, by definition, are not present at those discussions.

My understanding, which echoes what Peter said a few moments ago, is that on these issues there is remarkably little dialogue at the moment between the UK and UK representatives, including in Brussels, and the EU bodies. My understanding is that, for reasons that we are all aware of, and the political consequences of the positions taken by HMG, anybody from the UK mission who is seeking to talk to someone in the Commission about one of these issues needs to seek permission. The person they are due to meet has to check with the Commission office, ultimately of the Commission President, to see whether that meeting can take place. Meetings do take place but, as you can imagine, the bureaucracy of that

slows down and frustrates effective exchange, as Lord Ricketts was setting out.

Q49 Lord Tugendhat: I thought it was my name that you were saying when you said "Lord Ricketts". My hearing aids must be defective.

To repeat my question, to what extent do you think the British Government should prioritise engagement with the Commission as distinct from its bilateral relationships with member states?

Sir Julian King: I am not proud of everything the Commission did while I was a member of it. One thing that we should not have done, or certainly should have been done differently, was the Commission decision not to allow the UK to continue to have access to Galileo. That was a significant error on the part of the EU collectively, and it came from the Commission. I argued against it, but I was not able to convince colleagues.

I understand in the circumstances why it went that way. It was because feelings were running very high at the time and people were looking to draw lines between the benefits of membership and non-membership, but with retrospect I think it was a mistake. It sent a signal that, beyond Galileo, the Commission and EU member states that backed it did not feel that the UK was going to continue to be the kind of close security partner that it had been. That has echoed down through the discussions and has affected some of the areas of co-operation, which we will talk about, and continues to affect the prospects for co-operation across a number of these areas.

That is an illustration of how important it can be to get engagement with the Commission right. It is the Commission that makes proposals. It is the member states, and in some cases the MEPs in the European Parliament, that will need to agree to those, especially if they require legislation and sometimes if they require spending. If you do not get engagement with the institutions in Brussels right, you will find that you encounter difficulties.

That does not take away from the importance of the bilateral engagement with the capitals; in particular on defence, but on many of these issues, that also needs to be done. But the more EU member states come together to discuss this full and widening range of security and defence issues in Brussels, the more you also need to engage the institutions of Brussels.

Lord Ricketts: I agree with that. There are some areas where the Commission's role is so central to EU policy-making that Britain ought to be having a dialogue with the Commission. The energy package—energy security and energy resilience—is an area where the Commission has an important co-ordinating role. Interconnectors are very much an issue of concern for the UK, since we have recently commissioned a new one, and we need more of those.

In a different area, the enforcement of sanctions against Russia, and the prevention of evasion by third countries bypassing sanctions on Russia, is

another important technical area I would have thought we should be talking to the Commission about.

A cross-cutting area that affects the entire relationship with the EU and which many of us are familiar with is data. Commission judgments on data adequacy will affect the security area through the Trade and Co-operation Agreement in its Title III on JHA matters and other areas. That is the sort of issue where there ought to be a dialogue going on with the Commission as well as with member states, in my view.

Lord Stirrup: I would add that if you believe that there will be difficult issues, such as some of the ones that Lord Ricketts has alluded to just now on which we will have to at least co-ordinate with the EU and perhaps discuss more widely with them, the question of principle is whether you should do this on an ad hoc basis as they occur or whether you should develop standing mechanisms and processes, which is the challenge in times of crisis. From a defence perspective, I would prefer us to have the sort of permanent links that enable us to engage swiftly and effectively during a crisis rather than having to try to set things up from scratch every time.

Lord Tugendhat: Lord Stirrup mentioned the close relationship with France and the defence sector, and I remember when we were on the same EU committee some years ago we had involvement with that. While entirely taking Sir Julian's point, which does not sound as if it is so terribly different from decades ago when I was involved, there is still a considerable need to have bilateral relationships with the member states on foreign and security policy.

Lord Ricketts: Yes, I completely agree. They are not exclusive; they are complementary.

Sir Julian King: It goes some way back to Lord Lamont's question about strategic autonomy. If, as they look likely to do, the EU member states continue to co-ordinate closely through the Brussels institutions on things like the screening of foreign direct investment, how you treat enterprises that have been subsidised elsewhere in the world when they come to do business in Europe, and what you will do about carbon border adjustments and securing scarce and valuable resources and products, including in emergency cases, those are issues have spillover, particularly for the neighbours, and on all those issues for the UK. You need to have a framework in which you can at least engage with those points. They will not be settled by the individual capitals; they will be settled collectively in discussion with the EU institutions.

Lord Lamont of Lerwick: Lord Ricketts mentioned sanctions as an area where he thought there should be some sort of mechanism for coordination, but I thought that the co-ordination between the EU and the UK on sanctions after the invasion of Ukraine was regarded as something that had happened quickly, had been very effective, and was a triumph, from what I read in the newspapers. Are you suggesting that it perhaps was not? Was the Commission not involved in that at all?

Lord Ricketts: Of course the Commission was involved, and there is an EU-UK working group, as I understand it, which has worked well on sanctions co-ordination, absolutely. A triumph? I am not sure, but it was an effective work in co-ordination. What I was talking about just now is the enforcement and follow-up and the technical mechanisms to make sure that Russia is not evading sanctions, for example to get its hands on the kind of technologies it needs for rebuilding its missile stocks and so on, which is a very technical area. I would have thought that some dialogue with the Commission itself would be useful on that.

But I absolutely accept that there has been good co-ordination going on between the EU collectively and the UK through a working group on sanctions.

- Q50 **Lord Hannay of Chiswick:** It was announced about 10 days ago that the Treasury had reached an agreement with the US Treasury to set up a sanctions implementation link. That means presumably that there is no problem in principle doing the same thing with the European Union, and the case for doing so on implementation of sanctions must be very strong, is it not?

Lord Ricketts: Very strong. Members might have seen a RUSI report—I declare an interest as vice-chairman of RUSI—looking at captured unexploded weapons in Ukraine, taking them apart and finding them absolutely stuffed full of western microprocessors and western technology, some of it embargoed, some of it available on the free market until recently. The benefit of preventing Russian access to that sort of western technology in rebuilding its weapon stocks seems to me to be overriding importance. Therefore, the more co-ordination the better.

- Q51 **Baroness Scott of Needham Market:** I want to ask each of you to reflect on whether some more structured framework for dialogue on policy and security matters between the EU and the UK is a goal worth pursuing. Can you envisage a framework that would be both valuable and politically acceptable?

Lord Ricketts: I start by echoing what Lord Stirrup said: that a mechanism that is established and permanent in less crisis-ridden times is then extremely useful when it comes to a crisis. I am worried that the absence of structured co-operation means that at ministerial level the UK and EU member states are drifting apart, because inevitably British Ministers are not getting around the majority of EU member states and meeting member state Foreign Ministers, Defence Ministers, Interior Ministers as they did around the table. Therefore, the gap is opening up.

Maintaining bilateral co-operation with the French and the Germans is not enough to bridge that gap.

I come back, if I may, to insisting on a council like the US-EU Trade and Technology Council, which has now had two ministerial meetings. It is a structured co-ordination, and I thought I might read out for the committee the areas that were discussed in the last meeting in Paris in June: export controls, foreign direct investment screening, secure supply

chains, technology standards and global trade challenges. Those seem to me to be exactly the sorts of issues that the UK and the EU ought to be talking about as well. It feels very uncomfortable that there is a structured dialogue going on with Washington and not with London. It may be easier for the British Government to try to turn that into a UK-US-EU three-way coordination to get over what still seems to be an ideological problem with accepting that any bilateral ministerial contact with the EU is worth while. In any case, there is a need, it seems to me, for us to be covering the ground that the Americans also feel is necessary to cover with the EU.

Lord Stirrup: I refer Baroness Scott to the answer I gave a few moments ago. I do think it is a goal worth pursuing, but I do not think we should be misled into thinking that that would make up for our absence from the engine rooms of policy, debate and formulation. It would not. Even with such structured access, we would not be participants in that, and rightly so, because we are not members of the EU. So we would have to recognise that and to recognise that it is likely to have implications for the extent and nature of our participation, if any, in future EU missions.

Sir Julian King: There are, objectively, obvious merits in having a structured framework for discussing these issues. However, it was HMG that took the position that they did not want such a structured framework, at a time when that caused some reaction on the EU side. They were hoping that this was one area where things would be able to continue in a more structured way, notwithstanding the UK leaving.

First, you have to overcome that historical exchange. Secondly, it takes two to tango, and you need to imagine a situation where the EU member states also see an interest in doing this kind of structured co-operation. I do not think that is impossible at all. I think the current circumstances, not least in Ukraine, create an environment in which you could have that kind of discussion. But you would have to have that discussion. You cannot assume that if HMG change position, all the EU member states necessarily embrace that overnight. A lot of effort, as we know, went into discussing the structured relationships that exist in the TCA.

Lastly, the US, particularly under this Administration but also the previous Administration, made a real priority of reaching out and having this kind of structured wider security discussion in the Trade and Technology Council. They prioritised that because they want to have the direct relationship with the EU, because they want to have upstream discussions about things of mutual interest, which might then be reflected in the respective decisionmaking processes independently in the US and in the EU. They may welcome other parties into that, but that is an assumption that we would have to test. I am not sure they are looking to embrace other parties, even the UK, into the kind of privileged dialogue that they have developed over the last year and a bit.

Lord Ricketts: May I make one additional point to what Sir Julian has said? Any willingness by the EU to think of a structured co-operation with the UK in these sorts of areas would, in my view, be completely wrecked

by the passage of the Northern Ireland Protocol Bill, particularly the implementation of its threats of unilateral changes to the protocol. At that point, I see no prospect in the foreseeable future of any structured cooperation.

Q52 Lord Lamont of Lerwick: Could I put a question either to Sir Julian or again to Lord Ricketts? What exactly do you mean by “structured cooperation”? I am strongly in favour of co-operation, although I supported Brexit, and strongly in favour of close co-operation, but I can understand why the Government in the immediate aftermath, anxious to show that we were a third party, did not want to set up vast bureaucracies, did not want to be a shadow member of the EU, did not want everything just to imitate what the EU was doing. What exactly do you mean by “structured”? Would this be enshrined in legislation? Would it be a commitment to a certain number of meetings a year, and would it have a secretariat and endless numbers of committees? What exactly would it be?

Lord Ricketts: In my mind, it would be a political agreement, no more than that, to have a UK-EU ministerial meeting regularly—every three months, every six months—to bring Foreign Ministers together, and possibly Foreign and Defence Ministers together sometimes, but simply a mutual undertaking to get Ministers together around the same table a number of times a year for the sort of exchange of information, dialogue, discussion and mutual contact-making that is lacking because we are no longer a member of the EU.

Sir Julian King: You are absolutely right to ask the question, because there is a spectrum of possibilities. The structured co-operation on JHA matters that we mentioned is based in a legal agreement, the TCA. The terms and conditions are set out there. The kind of in-depth and thorough discussion that the US has with the EU in the Trade and Technology Council is an agreement. It is quite a detailed agreement, but it is not a legal agreement. The kind of political commitment to have regular meetings exists between the EU and a series of third countries, and is sometimes captured in some kind of legal arrangement that the EU has with that third country. It could be a trade agreement or other form of agreement, but quite often it is just a political statement of intent.

You are absolutely right that there is a range of possibilities, which go from what exists for internal JHA security through to much looser questions of political intent.

Lord Liddle: Underneath such a three-monthly or six-monthly ministerial meeting there would presumably have to be regular committee work by officials on both sides to make sure these meetings were effective.

Lord Ricketts: Sir Julian is a greater expert on this than me, but I am conscious of Lord Lamont’s concern that this produces a proliferation of bureaucracy for no great effect. You would not necessarily have to have that, at least not in the beginning. You could have a very light structure. You could have sherpas in capitals prepare the meeting and see whether

this was turning out to be useful. You could start at the most informal lighttouch end and see whether that was useful enough to produce more of an underpinning of official committee structure.

I absolutely agree with Lord Lamont, as did Sir Julian. Nobody had the appetite to recreate a complex bureaucracy straight after we had left the EU. But now, six years on, it seems quite reasonable that we should be looking at a light-touch arrangement for Ministers to meet from time to time.

The Chair: That is a very good segue to Lord Foulkes.

Q53 Lord Foulkes of Cumnock: I am a bit more enthusiastic about structured co-operation than Norman Lamont.

Can I follow up the excellent answers that you gave to Baroness Scott's original question? If we do have some kind of structured framework, how would it relate to the multilateral organisations that we are currently members of—the Council of Europe, which is often overlooked; the UN; the WTO; the G7?

Sir Julian King: So the G7 and the Council of Europe.

Lord Foulkes of Cumnock: And the WTO, because you mentioned global trade co-operation.

Sir Julian King: I was going to start with the WTO. The UK sits in the WTO; it is a member. The EU represents the interests of the EU member states in the WTO. There are extensive informal contacts between the different members of the WTO: the US, the UK, key players like India, South Africa and the EU. You could try to make that a bit more structured and formal and timetable it if you wanted, but it exists at the moment.

On the UK and the G7, the EU institutions attend the G7. Not all members do, but the Commission President and the President of the European Council come along to G7 meetings, so they are in the room and they have regular discussions in the context of the G7. We have already alluded to one reason for that. When the G7 decides something like the headline sanction measures that it wants to take on Russia, or flipping to a more positive agenda, or taking market measures to influence and try to keep down the price of oil, those have to be implemented. Some of that falls to individual member countries of the G7, the UK being one, but very often elements of it, and quite often all of it, fall to collective work that the European countries will do through the Brussels institutions. So exchanges exist within the G7. It is about how you manage that. You could structure some of those. You could build on them. Ukraine throws up all sorts of issues where that could be useful. But you have to recognise that some exchanges already take place in the G7.

The Council of Europe is a slightly more amorphous organisation. Nothing that the Council of Europe does would necessarily be undercut by a more structured—in whatever sense—arrangement between the UK and the EU, mainly because the Council of Europe has this rather— **Lord Foulkes of Cumnock:** What about human rights?

Sir Julian King: On human rights there is in another body in Geneva, alongside the WTO: the Human Rights Council. The UK is on the Human Rights Council. The EU is an observer on the Human Rights Council. Various EU countries are members of the Human Rights Council and rotate. They have extensive discussions on human rights issues, and quite often run issues jointly. Again, you could put that on the agenda for a more structured and organised co-operation for issues like Russia and China. That would be a good idea. But there are such day-to-day contacts already in Geneva.

Lord Ricketts: I do not think I have anything to add to that magisterial overview. However, I think you mentioned the UN. There is co-ordination among EU member states at the UN before major votes and so on in the General Assembly in particular. The UK and France have, of course, always jealously guarded their right to take national decisions in the Security Council, so that remains. There is no separate EU caucus in NATO, but of course there is an EU-NATO co-ordination that goes on, quite an important one now. It is much improved since my time 15 years ago. I think that in all these different sectors there are co-ordination meetings, sometimes between the EU and the UK, more usually between the EU and other western bodies. None of that provides an overview that an EU-UK dialogue could have.

Lord Stirrup: It seems a fairly straightforward matter to me. We have to have some kind of relationship and discussion with the EU on important topics of mutual interest. The question is quite simply whether we do this on an ad hoc basis or have some sort of structure in place that, at the very least, enables us to send somebody to the EU, and somebody in the EU can speak to them, without asking for permission beforehand. I do not think it would have any impact on other relationships or bodies at all.

Lord Hannay of Chiswick: For the avoidance of all misunderstanding, I want to ask whether this very useful discussion that we have been having on structured co-operation, on which you have been helping us a lot, cannot and will not imply legal obligations on either the EU or the United Kingdom. The EU has no such agreements with any third country and will not have them. We should not confuse structured co-operation with legal obligation. Is that correct?

Sir Julian King: That is correct. At one extreme end of the spectrum you have legal obligations where two parties enter into a legal agreement. Absent that, absolutely; these are dialogue frameworks in which people discuss issues where quite often the follow-up requires action by the parties, which they will take autonomously and independently and according to their own decision-making procedures.

Q54 **Lord Lamont of Lerwick:** The first meeting of the European Political Community was attended by—I should say—the then Prime Minister on 6 October. What approach do you think the UK Government should take to this forum? I understand that the UK Government have sought assurances that it will be relatively informal and intergovernmental, without a secretariat. This question is not the one I asked before, but it

appears to be the attitude of the Government. Do you agree with this stance, and is this consistent with the ambitions of other EU member states?

Lord Ricketts: I absolutely agree that it was right for the then Prime Minister to go on 6 October. I think that was a welcome decision.

I can trace this back quite a long way in French thinking about European security structures, and I am sure Lord Jay can too. For decades, the French have looked at the operation of Europe as a series of concentric circles, with the Franco-German co-operation right in the middle, a tight circle of integration that began with the six and then obviously expanded, and then wider circles of more informal looser organisation.

When President Macron threw out the idea of a European political community, I think he was thinking of a sort of outer circle of co-operation very largely as a way of mitigating the impatience and exasperation of countries waiting to become members of the EU. It was a sort of antechamber for the likes of Georgia, Moldova, Bosnia, Serbia and Ukraine, which had no prospect of early membership of the EU and which the President wanted to rope into a wider occasional conversation. Only at a later stage, I think, did he add the idea that this could be a place where the UK, with Turkey and others, could fit into a forum for discussion outside the EU framework. Eventually, it grew into a meeting of 44 nations and, as you say, had its first meeting in Prague.

I understood that London had offered to host the second meeting in London. I would have thought that that would have been a very good thing for people to accept. In fact, they agreed that it should go to Moldova for its second meeting, which lends more force to the idea that its original conception was about tackling the issue of a long wait for those waiting to join the EU. To my mind, that was a pity. It would have been a rather powerful signal to say, "We will come to London and let London organise the second meeting".

However, it is clearly a useful gathering of the wider European community of nations. It is a forum for bilaterals between the Azeris and the Azerbaijanis and the Balkan states, and indeed the UK and France on that occasion. It will meet only every six months. I do not think it will have a secretariat. It is in no way a substitute for UK-EU consultations, but it is a useful broader forum—in a rather limited way, in my view.

Sir Julian King: I think they provisionally agreed a series of forward meetings roughly every six months—

Lord Foulkes of Cumnock: Yes, the fourth meeting is going to be in London.

Sir Julian King: —Spain is the third, and the fourth, in theory, will be in the UK.

Lord Ricketts: So it will be in two years.

Sir Julian King: Well, if they manage it every six months, that means early 2024.

Lord Lamont of Lerwick: Would there be any effect on other multinational organisations like the Council of Europe?

Lord Ricketts: It is such an occasional ad hoc forum that I do not think so. It will be interesting to see the level of attendance at a second meeting in Moldova and whether it has the same turn-out of Heads of State and Government that it had for the first one. I somewhat doubt it will.

Sir Julian King: Of course, the Council of Europe has a legal basis, which this does not.

Q55 **Lord Jay of Ewelme:** First of all, I apologise for arriving a bit late. I had another meeting that ran over.

I want to turn for a moment to internal Whitehall machinery rather than external machinery. Some previous witnesses have expressed concern about the effectiveness of the current Whitehall arrangements for coordinating UK policy towards the EU and individual member states. What are your views? Also, what are the present arrangements, how good are they, and how do they compare with what we have had in the past? Do you think that the present arrangements, which we have now, adversely impact our ability to engage with the EU on foreign affairs and security matters, and, in particular, do you all feel that there is a need for the Cabinet Office to take some sort of overarching position in co-ordinating Whitehall approaches to foreign policy and security? I am conscious myself, having been involved in this a bit in the past, of the real importance of having effective co-ordination, particularly between the Foreign Office and the Ministry of Defence. Without that, whatever relationship we have with other countries will not work effectively. Lord Stirrup.

Lord Stirrup: I will come in in a second, if I may, because I think the foreign policy element of it ought to be the starting point of all this.

Lord Ricketts: Thank you, Lord Stirrup. Can I start with your last point, Lord Jay? I absolutely agree about the importance of Whitehall coordination—I declare an interest as the UK's first National Security Adviser—but I was a bit puzzled to see that Prime Minister Truss had changed that body. It is now called the Foreign Policy and Security Council, so maybe that is just a name change for the same thing, but I think it also puts together a number of other Whitehall committees. I therefore worry that the risk is that it becomes just a place for tactical co-ordination and crisis management, back to what is the classic Cabinet Committee on foreign policy and defence.

The National Security Council had a real ambition to try to think longer term and more strategically, and to invite Ministers sometimes to step back from the immediate crisis handling to think about the underlying and the longer term trends. I very much hope, absolutely as you say,

that this— whatever the name is—continues to be a forum for foreign defence, development policy and internal security co-ordination.

I do not feel that I can give you an expert view on how well Whitehall is performing, since I am now—as we all are—well on the outside of it. I sense that the centre of gravity for EU policy-making has moved back to the FCDO with the dismantling of DExEU and the end of the very strong Cabinet Office adviser position that first Sir Olly Robbins had and then Lord David Frost had. I see that it is the FCDO that is promoting the Northern Ireland Protocol Bill, for example, and the negotiations with the EU on the protocol.

In a sense, that is back to how the pattern has been in the past, where a department of state is responsible for the overall relationship with the EU. I am sure there must also be some Cabinet Office co-ordination mechanism, as there has been down the decades, involving an adviser to the Prime Minister on that. I note with interest that Sir Tim Barrow has moved in to be the National Security Adviser. With his extensive background on the EU, I am sure he will be playing some role there as well.

So it is a little bit obscure to me, frankly, but if the idea is light co-ordination in the Cabinet Office with the main policy-making focus back in the FCDO, I am personally comfortable with that.

Lord Stirrup: I agree absolutely with what Lord Ricketts said about the National Security Council. I wait with interest to see what the latest developments will be, because I think that the National Security Council is an important concept but it fundamentally depends on having a good National Security Adviser with the ear of the Prime Minister. That was certainly the case in Lord Ricketts's time. Whether it has been the case in recent years is a more open question.

I agree with all the points about the machinery, but one is not focusing on the real issue if one thinks too much about that. My own experience—and I know the more recent experiences of my successors—with the defence relationship with, for example, France, let alone the EU more widely, was never about military issues. If there were difficulties, it was all down to the politics. It is the whole politics of our relationship with the EU and EU member countries that is the fundamental issue here. We can talk about machinery until we are blue in the face but, if we are still facing those political difficulties and those political, well, more than frictions—if I can put it that way—no machinery is going to help us. That is where we have to focus our effort to resolve the relationship.

Lord Jay of Ewelme: Does there not need to be some sort of machinery in order to get the politics agreed before you have discussions, let us say, with the French?

Lord Stirrup: There clearly does need to be machinery but, if we are arguing about chicken and egg, I would say that the politics comes first.

Lord Jay of Ewelme: Julian King, do you have a view from afar?

Sir Julian King: No, I echo Lord Stirrup's last point. We have been arguing that there is a need for a comprehensive approach to defence, security and foreign policy because the challenges now push you in that direction and you cannot do them separately in silos. You have to be thinking about defence. You have to be thinking about energy security. You have to be thinking about infrastructure security. You have to be thinking about resilience issues. If you have to have that comprehensive approach, you need to have a joined-up policy-making machine that reflects it. Part of our argument here is that that is happening more than it used to at an EU level and, therefore, if you want to engage on those issues, you have to think about how you engage at an EU level.

I absolutely agree with Lord Stirrup that, whatever machinery you set up here, when you get to Brussels and you say, "We have a joined-up point of view and we want to engage with you in a joined-up way", if they say, "Terribly sorry, there are some political constraints in the way of doing that", it is not going to be at the working level that you resolve it.

Q56 Lord Hannay of Chiswick: I want to test a little bit Lord Ricketts's view that it is right that the Foreign Office should be firmly in the lead on all this, given the very considerable shift from the Foreign Office being given the lead on foreign policy issues in the past but now much of that being done in the Prime Minister's office by the Prime Minister's closest advisers. Given the extraordinarily wide number of areas—energy, trade and so on— you surely need some form of co-ordination at the centre of the governmental machine, which cannot just be run by the FCDO.

The FCDO—if I may be allowed a little bit of history—was run out of the sole running of EU policy in 1973 because other Whitehall departments would not accept that the FCDO should lead on their subjects, and that must be even truer now. That is what I sensed that our previous witnesses said was not working terribly well. Yet it needs to if the sort of structured co-operation we were talking about is to actually function and not just be talking shop.

Lord Ricketts: I may have expressed myself badly. I absolutely agree on the importance of central co-ordination. I stress the importance of the National Security Council. There has always been—and I am sure there is still—a Cabinet Office co-ordination of the various strands of EU policy, but there was a period over Brexit, with the creation of DExEU and then when DExEU was dismantled the presence of a very powerful EU adviser in No. 10, when the Foreign Office seemed to be largely kept at arm's length from EU policy. I do not think that was a very happy experiment.

It is not a bad structure to have a department—the Foreign Office—thinking about Britain's future relationship with the EU, doing the most tricky negotiations, which centre on the Northern Ireland protocol, all coordinated through the Cabinet Office, of course. I felt there had been too much separation between the Foreign, Commonwealth and Development Office and European policy for most of the years after Brexit, and that now seems to have been put right.

Of course, energy security and many other areas will be being led by other government departments and co-ordinated in the Cabinet Office. I am just not clear quite what the structure is in the Cabinet Office. I looked on the website before coming to this session. The last organogram that I could find was dated August 2021, so I am not at all clear what the structure now is and to what extent there is a European secretariat or whether it has now merged into the Economic and Domestic Affairs Secretariat that we know from the past.

The Chair: It may well be changing as we speak, of course.

Lord Ricketts: Indeed.

Q57 Lord Faulkner of Worcester: I have one or two quick questions about the response of the EU and the UK to the Russian invasion of Ukraine and the co-operation between us and the EU. First, a rather general question: how effective has the co-operation been in response to the Russian invasion? Perhaps Lord Stirrup would like to take that one first.

Lord Stirrup: First, the crisis in Ukraine has demonstrated very clearly how the NATO-EU relationship can be a synergistic one rather than a competitive one. We talked earlier about various aspects of the Ukraine crisis, the sanctions response and so on, many of which are well outside NATO competence but well within EU competence. I highlight NATO-EU cooperation, as well as UK-EU co-operation on this, as being highly significant.

From the defence perspective, the co-operation has been excellent with virtually all the multilateral organisations with which we have had to deal throughout the crisis. The fundamental issue, of course, remains identifying the strategic objective. The strategic objective for us in the Ukraine crisis is almost certainly going to be rather different from Ukraine's strategic objective, and certainly different from Russia's. But is it different from the strategic objective of other members of the EU? Keeping that aligned is fundamental to sustaining an effective response.

In the short term, I think the co-operation has been excellent. In the longer term, I think it is going to be more of a test.

Lord Faulkner of Worcester: Would it have been better had the policy on sanctions been the subject of a proper structured mechanism for coordination?

Lord Stirrup: As the previous discussion revealed, the response on sanctions was extremely good but, again, we have to think about the longterm difficulties of sustaining that. As Lord Ricketts alluded to in one of his earlier answers, that is in some ways a more significant challenge, and that is an area where that kind of structure might be very useful.

Lord Ricketts: I agree with everything Lord Stirrup says there. The response of both NATO and the EU to this very serious crisis in Ukraine has been impressive. I think the EU has moved a long way in areas that were taboo, such as the financing of arms deliveries to Ukraine, under the

pressure of war, war putting everything else into perspective when it happens and putting other taboos and quarrels into perspective.

I am conscious that there is perhaps another question coming on NATOEU co-operation specifically. Just in terms of co-operation between the UK and the EU, we have talked about sanctions co-ordination. I think that has been a success. It needs to be continued, of course, but it seems to me that there are other areas that we ought to be working with the EU on. We have mentioned energy, China and technology.

One area that I think jumps out as an area that ought to be one of coordination between the UK and the EU is: what about those 100 countries that do not sign up for sanctions against Russia? They do not seem to see the terrible crisis in Ukraine as in any sense their concern or affecting their interests. It seems to me that there is a very major issue for the democracies—including very much the UK and the EU—to go out and do a better job of explaining why this is not just a crisis back to the old Cold War but something that fundamentally affects the interests of all free societies, and that the rule of law is something that everyone ought to be working to support.

That will mean being prepared to take on issues of major concern to them, rather than simply going and knocking on their door and saying, "Could you please support us in this issue, which is of primary concern to us?". There is a major issue there of wider foreign policy discussions, where we ought to be co-ordinating at least with the EU.

Lord Faulkner of Worcester: On that particularly, do you think the EU can speak with a single voice in giving advice and effectively lobbying for support for sanctions?

Lord Ricketts: The EU has adopted sanctions unanimously and ought to be willing to go out into the world and sell the case for sanctions in the wider interest of all free countries, yes.

Sir Julian King: I agree with everything that has been said. The cooperation on Ukraine has been excellent but it is going to need to continue to be a focus because, as well as sanctions, we have support for Ukraine, financial support, materiel support, where the EU is now mobilising significant amounts of financing for arms: €3 billion of collective funding has been agreed. That is in addition to what individual countries are doing. That obviously has to be co-ordinated and made effective. Then there is the training of Ukrainian troops. There is a UK-led training effort, which involves a number of European countries.

The EU has just agreed to finance, fund and organise a European training effort as well, which is very welcome because there is lots of training to do. That is going to have to be made to work and co-ordinated so that it is effective. That is before you get to the downstream consequences where there is an obvious need for co-operation. Energy is the obvious case there, whether you are talking about the need to have diversity of supply or how you manage demand reduction, before you get to possible market interventions.

Those obviously have spillover consequences, particularly for neighbours. As neighbours, there is a shared interest in trying to find effective ways of working on those issues, which is good. It is a positive sign that it has been agreed that the UK can renew its co-operation with North Sea neighbours in the structure that exists for North Sea co-ordination. There are still some issues around interconnectors and storage. There will certainly be issues about the economic consequences of market intervention measures that will need to be discussed. There is good progress, but still quite a lot of work to do.

Q58 **Lord Faulkner of Worcester:** You have answered the supplementary question I was going to ask: how can we build on the co-operation that has been established? Finally, then, what do you think has not worked well and could be done better?

Sir Julian King: In a perfect world you would have had some of these things happen quicker. We are how many months in? Seven or eight months, and some of these things are falling into place only now, so I think the major criticism is about the time it took to organise some of this.

Lord Liddle: Sorry to interrupt, but we are heading towards the winter without any of these really difficult energy issues being resolved.

Sir Julian King: Yes, I think energy is one of the areas where things could have gone quicker.

Lord Ricketts: I have heard criticism of the EU for having promised a lot but not delivered as much as it might have done. That may be unfair but, on weapons deliveries and financial support to Ukraine, there have been critical voices about the EU not moving fast enough.

Sir Julian King: That is fair but, when I was doing this stuff on the inside, we used to scramble to try to find €2 million to fund security reform in the DRC, for example, and the EU has collectively agreed to fund €3 billionworth of arms supply into a war zone, so things have moved a long way. At the European Council at the end of last week, the EU agreed a funding package for budget support to Ukraine, which is going to be worth €1.5 billion a month through next year. Again, some of this could have been done quicker but it is not insignificant.

The Chair: Thank you very much. It is extremely interesting and vital for us.

Q59 **Lord Wood of Anfield:** Hello, and thank you to the three of you for coming today. I want to ask about the EU-NATO issue that Lord Stirrup and Lord Ricketts talked about. I think Lord Stirrup's phrase was the synergistic possibilities that have been revealed by the Ukraine crisis. How should the UK approach this new or at least more close relationship between NATO and the EU? In particular, I am thinking about the way the EU has developed PESCO, the Permanent Structured Cooperation, and the European Defence Fund in a way that maybe 15 years ago would have seemed less likely.

How can the UK manage that relationship? Is there a danger of the UK being excluded from new defence co-operation or even new defence programmes that may emerge in that relationship? Maybe Lord Stirrup could start.

Lord Stirrup: Thank you very much. You talk about the UK being excluded from new programmes and new structured co-operation. I would probably put it the other way around, which is that the UK will probably exclude itself.

Permanent Structured Cooperation has been set up to benefit the EU—quite rightly so; it is an EU project. It has not been set up to benefit third parties, so third-party involvement would occur only if there were a clear benefit to the EU. Of course, the third parties would want to participate only if they could see a clear benefit to themselves but, given the constraints that would be placed upon them regarding intellectual property, export potential and all the rest of it, at the moment it is very hard for me to see how the UK would identify something that would be so attractive to it for third-party participation that, even if the rules could be sorted out, it would be willing to do so. Who knows what might happen in the future? We should always keep the door open, but in the short term I see little prospect of that.

On the wider NATO-EU relationship, the most important thing is to build on the processes that are already in place. We have examples of where it has worked well and examples of where it has worked badly. Over recent years, I have heard two separate Deputy Supreme Allied Commanders of Europe saying on the one hand that the Berlin Plus arrangements are dead in the water, and on the other hand how well they worked in Bosnia with Operation Althea. Making sure that those undertakings and those arrangements that have all been set in place are properly mechanised, so that they will work in practice, is extremely important.

The other area, as I alluded to in my answer on Ukraine, is to recognise the complementarity of what the EU and NATO bring to the party, and look at ways of bringing those together more effectively on a systemic basis. The other thing I point to is that the recent developments within the EU, such as the Strategic Compass, have been very strong in noting the importance of NATO—indeed, the primacy of NATO—in many areas of defence for the European continent.

As Lord Wood will know, I have sat in European parliamentary meetings discussing the Strategic Compass. It is very clear that there is a wide divergence of views within the EU—even an EU without the UK—on the relative merits of EU defence and NATO as the European defensive organisation. The differences run along the lines you might expect, with regard to the nations involved.

There is plenty of scope and plenty of appetite within the EU for enhancing the co-operation with NATO. I think the same thing is true in reverse. It is making those mechanisms work that should be the focus of our attention in future, building on what we already have.

Lord Ricketts: I want to say something about the European Defence Fund and so on, and also something about PESCO, but we have two separate questions coming up on that so can I reserve my comments on those for that?

On the broader NATO-EU relationship, I spent two years of my life negotiating the Berlin Plus arrangements and I would be very sad to think that they would be dead in the water. I can submit to the committee a note about what those are and how I think they are working—very much for geeks.

The broader NATO-EU relationship was very bad 10 or 15 years ago, completely mired in Greek-Turkish mutual suspicions, particularly over Cyprus. It is clearly a lot better than that now, which is welcome. To answer the question, the UK has to approach it through the NATO end because we cannot through the EU end, but it is very much in Britain's interests that the complementarity that Lord Stirrup rightly talks about—for example, in capability planning efforts: that there is a capability planning cycle in NATO and one in the EU—should be co-ordinated effectively.

There is overlap in one other area, which is perhaps not so much noticed here. On a recent visit to Finland I found a completely different attitude towards the UK from what you hear in Brussels, in the sense that the UK has been a champion not only of Ukraine but of the JEF, the Joint Expeditionary Force, the 10-member co-ordination that is under NATO auspices but up to now has included two non-EU, non-NATO members in Finland and Sweden. Britain was seen as a champion of that organisation, which has been enormously appreciated in northern Europe as an effective way of bringing the countries together. In a way, that is an indication of an area of overlap between NATO and the EU. The EU has battlegroups. Up to now, the JEF has included non-NATO EU members and Britain has been seen to be playing a linchpin role in it. There are areas such as that where Britain, as a NATO member, can have a useful influence on NATO-EU cooperation. I will come back to European defence and PESCO.

The Chair: Well, those will come up. Do you have anything to add, Sir Julian?

Sir Julian King: Very briefly, as we are coming back to PESCO, which I do want to say something about. On the division of roles, both NATO and the EU are more comfortable now in the roles that they respectively have. The co-operation is therefore easier and even those countries that are still a little neuralgic, such as Turkey, see the wider context, so the relationship has changed out of all recognition. But because those roles are different, there are some questions about the organisation of overlaps and the need for transparency where there are overlaps. For example, Lord Ricketts mentioned that there are two planning processes. There is a NATO planning process, which is around core defence, and an EU planning process—called CARD, unfortunately—which is more around expeditionary activity. Those could push in slightly different directions. It

is for individual countries, nations, to resolve those issues. But for those countries that are present in one and not in the other, it is very important that those processes take place in a way that is sufficiently transparent. So I think there are some implementation issues in the new, mature relationship that the UK has an interest in.

Q60 Lord Hannay of Chiswick: Can we take a brief look at the *NATO 2022 Strategic Concept*, a document that seems to me to have been a little overlooked in all the ebb and flow of international politics? It has a number of references. Paragraph 43, for example, says: "For the development of the strategic partnership between NATO and the EU, non-EU Allies"—that is Britain, America, Norway, Turkey and others—"fullest involvement in EU defence efforts is essential." Paragraph 47 says that those non-EU NATO members should be helping the development of the EU's defence and security efforts.

Those are commitments entered into by the British Government. One can perhaps surmise that there was a greater degree of enthusiasm by the US Administration than the British Government of the day, but that has happened. Can any of you suggest ways in which that should be turned into practicality—for example, on mobility? Both Britain and the US have now joined with the EU in working on that. Can you give any examples of where you think the British commitment to that language should take practical effect?

Lord Ricketts: I read that first and foremost as a very useful signal of American warmth towards the idea of greater EU defence co-operation, and that is a sea change from the way the Americans reacted when Tony Blair and Jacques Chirac announced our St Malo agreement and then the launching of EU defence co-operation. Indeed, even under the Trump Administration that was viewed very warily.

As you say, I think it is an invitation to British Governments to look for areas where the UK can play a useful part, it being clear that any increase in European defence capability can only be useful to NATO as well. It is not set out to duplicate NATO but to reinforce the overall pool of capability. The PESCO subject still hangs on our agenda but it keeps coming up. I do not mind whether we talk about it now or later, but that is an important opportunity. Should we do PESCO at this point?

The Chair: It might be helpful if we did PESCO right at the end in the flow of questions.

Lord Ricketts: Broadly, I think it is a useful signal that the Americans are now fully on board for developing European defence capability, and the British Government should take note of that.

The Chair: Do you have anything to add, Lord Stirrup?

Lord Stirrup: Yes. I am not sure what it really means. If you want defence capability, you have to invest in defence capability. We cannot invest in defence capability for another country. For what it is worth, my own view is that the two fundamental strategic defence issues facing

Europe at the moment are levels of investment and industrial capacity. You can talk about all sorts of other more detailed things, but those are the two absolute fundamentals. You have to spend the money on investing in the capability and you have to have the capacity to be able to produce it.

How are we going to help another country invest more in its defence? We are not. Could we do more in terms of industrial capacity? I suspect we could, although our record in the UK on helping to develop European defence capability is quite good. If you look at the projects that we have invested in—sometimes willingly, sometimes less willingly—over the last three to four decades, we have helped to produce a great deal of industrial underpinning to European defence.

All industrial capacity depends upon investment, and investors only invest if they think they are going to get a return. They will get a return only if countries are going to spend the appropriate amounts at an appropriate pace across defence capabilities. That seems to be the fundamental issue, and personally I view these other things as fiddling at the edges.

Lord Hannay of Chiswick: That is a very cruel way to describe something that the NATO Heads of Government signed up to two months ago.

Lord Stirrup: You used the word “cruel”. I might use the word “realistic”.

The Chair: Thank you. We will leave that as moot.

Q61 **Lord Liddle:** This is a question about the politics of the NATO-EU relationship. Lord Ricketts, you mentioned JEF and the important role that Britain played in northern Europe. How has that influenced attitudes in northern Europe towards the role of NATO and NATO-EU co-operation? Has it led to a bit of a split between the northern and eastern Europeans, and their view of the future, and the French and German view of the future? What do people think of the idea of strategic autonomy? Clearly, the eastern Europeans listen a lot to what America has to say about strengthening EU defence co-operation, but is there still a suspicion of Franco-German ambitions that is likely to thwart it all?

Lord Ricketts: Having set the hare of northern Europe running, perhaps I can respond first. In a way, the priority that countries give to NATO correlates to how close they are to Russia. In northern Europe the threat from Russia is acutely felt, and therefore the appetite for the most effective NATO response is very strong, including in Finland and Sweden. It is a strategic change in the European security balance to have those two proud neutral states deciding to join NATO.

There, frankly, I think there is a little bit of caution about the fact that President Macron and Chancellor Scholz continue their dialogue with Putin

well beyond the invasion. Those countries prefer to see a very firm and robust approach to Russia across the board and see Britain as offering that championship role in Europe, so it is an area where Britain’s stock

stands very high. I am not sure I would go as far as saying that they therefore undervalue European co-ordination on these issues.

I think there is a big problem with this tag of European strategic autonomy. If you go right back in French political history to earlier times, it was autonomy from America. It was the capacity for Europe to stand on its own feet without America. As reinvented by President Macron, it is obviously strategic independence in a world of uncertainty and, particularly, the threat from China: technology, sovereignty, supply chain resilience and those sorts of issues.

That is an evolution of the concept—let us put it like that—and, certainly in northern Europe, any idea of strategic autonomy from the Americans would be very hotly contested. Otherwise, I think they are perfectly happy to buy into a concept where Europe pays more attention to its sovereign capabilities and capacities to manufacture what it needs in security terms.

Sorry, that is perhaps a slight parenthesis but, yes, I think the attitude towards NATO and the UK's role in NATO is very positively seen in the north and east of Europe.

Lord Stirrup: I entirely agree with the point on strategic autonomy. It has become one of those Humpty Dumpty words. It means whatever people choose it to mean. The reason is that the original concept was clearly undeliverable. It was undeliverable in both financial and technological terms, so the ambition has been substantially scaled back. As Lord Ricketts has said, and as I referred to earlier, I have heard members of eastern and northern European nations arguing extremely strongly that NATO has to remain the bedrock of European defence.

In some senses the morphing of this concept is very useful. The lessons of Ukraine, in terms of energy prices and food prices, have been very sharp and useful ones. My concern is that they are not going to be applied in the wider sense, because Russia and Ukraine is the crisis that faces us now, but China is going to be the crisis that faces us in 10 or 20 years—who knows? The EU and other nations are saying the same things about China today that they were saying about Russia 10 years ago, but they took no action then and they are taking no action on the China front now.

For me, if strategic autonomy in its new sense is to be a viable context, it has to be seen in terms of resilience in the context of the wider world and not just the Ukraine crisis.

Sir Julian King: I think that is absolutely right and very important, because it has definitely morphed. You do not hear much talk now, even in French circles, about strategic autonomy for defence. You do hear a lot of discussion about the need to reduce dependencies—Russia, China, et cetera—and build resilience across a whole range of areas. These are largely ambitions, but at least they are ambitions pointing in the right direction. To go right back to where we started in this discussion, these are shared ambitions with the UK in whose evolution the UK has a huge

interest in being engaged. What are we going to do about supply chain resilience? What are we going to do about access to scarce resources, from minerals to chips? How do we assure, while we are doing this, that we keep some kind of level playing field so that subsidies in one sense, either within Europe, in the US or elsewhere, do not distort fair competition and fair trade? These very big issues are the new agenda of strategic autonomy and need to be worked through.

You asked whether some people are reserved about Franco-German ambitions. Franco-German discussions on defence at the moment are less happy than they have been at some points in the past. As I am sure you have seen, they have just cancelled a top-level bilateral meeting between France and Germany because of unresolved differences over defence spending, how to spend defence money, and energy.

They are making some progress in resolving some of the energy issues. How to spend money on defence is not resolved yet. The Germans have decided that they are creating this huge new fund to buy equipment, and there is quite a tension between some in France who would like to see this kind of money being invested for the long term, including in European defence capacity building, and those in Germany—not everyone, but some in Germany—who say they need the equipment now. Some of this money is going to be spent on available US equipment, and that is a tension.

Q62 The Chair: That is a good segue into the penultimate question, which I will ask on behalf of Lord Purvis. We now move to the European Defence Fund. There are three issues here. First, what is the implication of the launch of the fund for UK defence procurements? That is the basic question, and there are two subsidiary questions. There is a sense that the European Defence Fund is all about procuring from European Union manufacturers; are we right in thinking that, and is that sensible? Thirdly, does it give rise to various state aid issues? If you vastly expand arms production, the private companies concerned might want to have state aid to vastly increase their production lines. I wonder whether you feel that might apply; it might even apply this side. I will begin with the European Defence Fund and turn to Lord Stirrup.

Lord Stirrup: It clearly has implications for the UK defence industry, but does that mean it is bad news for the UK defence industry? I am less sure about that. One of the lessons we can draw very quickly from Ukraine is not a new one—it is one we should never have forgotten: the appalling rate at which military equipment and munitions are consumed in high-intensity conflict. We in this country, like all our allies, had insufficient stockpiles to begin with. We have smaller stockpiles now because we have rightly given so much to Ukraine. We will need to rebuild, not just to the levels we had before but to where they should have been in the first place.

In that sense, there is plenty of business to go around. I do not think there is any need for protectionism on this score. There is a danger, if you characterise it as a danger, or a likelihood, probably, that within the

EU there will be an ambition to build up EU defence industrial capacity. I do not regard that as a bad thing because, as I say, I think there is going to be more than enough demand to go around. I would welcome an increase in the EU defence industrial base. The key question behind all this, though, is whether the investment is going to be made in the long run. As I referred to in an earlier answer, an industrial base can be sustained only by a steady drum beat of sufficiently valuable orders. Those are the only things that are going to make returns for the investors.

There may be state aid issues in starting an expansion but the state is not going to pay for all of that. There will still have to be substantial private sector investment in those capabilities, and the private sector will invest in those capabilities only if it thinks it is going to make a long-term return. The key to this will be national approaches to defence budgets. We have already seen that the supposedly world-changing event in Germany is looking to be not quite so world changing now, given the financial pressures. There are doubts about whether that money will actually be spent. Countries have committed to 2% of GDP, of course, but 2% of GDP is not really all that much and so there are still ongoing doubts about the long-term financial basis for all this.

My final point about the EDF is the downside, the risk side, to it. So many of these European initiatives can be extremely useful or can be used as a fig leaf for not doing enough on a national basis. Experience shows that the latter tends to be more common than the former.

Lord Ricketts: I want to make one general point to start with, which is that we need to pay attention to the emergence of a European defence industrial ecosystem. I think there is a completely deliberate policy to build an end-to-end process, starting with capability definition in the CARD process, the EDF to fund collaborative research and development projects, the EDA to manage projects and PESCO to provide a framework for nation states to get together. That is a complex and potentially quite important ecosystem, which is explicitly designed to foster research, development and production in the EU.

There are some pretty stiff requirements for EDF funding. Bearing in mind that this is a £7.9 billion fund—it is not small—I think you have to have three entities based in different EU member states to qualify for EDF funding. It inevitably has a protectionist tinge, if you use that word, deliberately to encourage investment, innovation and capability development in the EU. Now, the track record of innovation in multilateral projects like this is not strong, I agree, but this is a serious run at developing an autonomous European defence industry and UK defence manufacturers are going to struggle to get in through the door of this.

I note that the Americans are now negotiating an arrangement with the EDA, an administrative agreement, which we are not doing, so I fear that UK defence manufacturers will find the European market more difficult to get into. Maybe they do not mind and want to just remain outside it. However, there is more European defence spending coming around. The

Germans may not spend the whole €100 billion uplift but they are going to spend a lot of it and others are increasing their defence budgets as well.

We have to be alive to that, and ideally I would like to see the UK cooperating more with the EU, perhaps having an administration agreement with the EDA, leaving open the option of UK defence manufacturers contributing to the surge in European defence capability. As Lord Stirrup says, there is enormous need for new equipment, for rebuilding stocks that have been used in Ukraine, and I would rather we did not have to do that entirely outside European defence co-operation.

Sir Julian King: I do not think it needs to be done but I can confirm that indeed that is the not very secret programme that has been set out by two successive commissions now. The commission I was part of was even more ambitious than is currently the case because we proposed an EDF of €13 billion that was scaled back to €8 billion. That is a significant sum, but I note that the European Union is finding collective funding of €3 billion just to supply arms to Ukraine. So it is not enormous, but the ambition is exactly along the lines that Lord Ricketts has just set out. Seen from an EU perspective, that is an entirely legitimate ambition.

Indeed, some of the constraints and rules that have been put around both the EDF and PESCO, and some of the other research funding that is relevant, reflect lessons learnt from the US experience, and indeed mirror some of the constraints that the US puts in place around licensing and IP in order to try to encourage the development of capacity in the EU.

That ambition is not going to disappear. The question is: how do you engage with it? As Lord Ricketts notes, one of the ways you can engage with it is through closer engagement with the EDA. As well as the US, Norway, the Swiss, the Serbs and Ukraine already have administrative—
Lord Ricketts: The US is still being negotiated.

Sir Julian King: The US is still negotiating. It is possible for independent third countries to have that relationship and maybe it is one that the UK should look at. It then opens other doors. Norway, for example, on the back of the administrative arrangement it has with the EDA, has access to some of the EDF funding through Norwegian industry and has managed to get engagement in some of the PESCO projects. It even allows a bit of flexibility around some of the tough rules on licensing and IP. So there is a way of engaging more closely with this process.

The Chair: That is very helpful and a good way to come to the final question.

Q63 **Viscount Trenchard:** I will put my main question and my sub-questions all together in the interests of time. The UK is not a member of PESCO, although it has been approved as part of its military mobility project, which may or may not be a normal project or may be considered a one-off—I am not sure. Do you think that the UK would benefit from becoming a thirdparty participant in other PESCO projects? How do you see PESCO developing in the future? Does it, in your view, duplicate what

could otherwise be done in NATO? What implications might future PESCO developments have for UK-EU relations? I will start with Lord Stirrup.

Lord Stirrup: Would it be in our interests to be a third-party member of a PESCO project? It will depend entirely on the project because, as I said in an earlier answer, PESCO is rightly designed to benefit the EU and to improve EU capabilities. The participation of a third party may well add to the value of a PESCO project to the EU. The question for the third party will be what value it adds to that third party and whether that outweighs the difficulties that will inevitably attend its participation as a third-party member. We have already talked about some of the difficulties—the rules over IP, export and various other issues that will attend such participation.

Each case, it seems to me, will have to be judged entirely on its merits. At the moment it is very difficult to see any that would produce sufficient value. We have talked about the mobility project. I am afraid to say that, although it was a very worthwhile ambition, it is not clear to me at the moment that even that project is delivering the scale of benefits that it ought to. I welcome PESCO because anything that drives up military capabilities within European nations is to be welcomed, but the UK's participation in it is a lot more problematic at the moment.

With regard to its longer-term impact on the relationship with the EU, I cannot see that it has any. This is all a function of the fact that we are no longer a member of the EU; we just have to face up to that and the consequences of it. I know Lord Ricketts has more to say.

Sir Julian King: There is a long list of 60-odd PESCO projects, many of them worthy. The mobility one is potentially significant, and I know NATO was interested in promoting it as well because it wanted to use the EU funding and capabilities—some of the things the EU can do to facilitate movement across the continent. Some other projects, such as the ones that build better co-operation between cyber response teams and around CBRN response, pick up ideas that were originally UK ideas, so I imagine they have some merit. There are also quite a lot of projects that probably would not add significantly to UK capability were the UK to get involved.

There may be some exceptions to that in future. One of the projects being looked at is around countering missile threats. I think it is called TWISTER. That is an area in which, if you were going to make progress, the core industrial base of that work would logically be the MBDA, which is a joint UK-French enterprise. I think there would be UK interest in making sure that such a project is developed effectively, drawing on the shared expertise the UK and French have put into the MBDA. But that does not mean that the UK has to pile into every single project.

Lord Ricketts: I agree entirely that the UK should look at this case by case. It should maintain an open mind as PESCO develops. I notice that in 2020, when the MoD explained why the UK was standing back from PESCO, it cited concerns about intellectual property rights and export controls that the EU could impose. In other words, it was looking at

PESCO projects in terms of industrial projects that could lead on to those problems. Indeed, if those are serious problems, that is a reason not to participate.

Clearly, PESCO has moved on from just being about industrial projects. To take the military and mobility co-operation, what could be more topical and relevant in Europe today than co-operation to make it easier to move forward and for troops to reinforce the front line of NATO to the east? That is what military mobility is about. It is about deployment of troops and improving transport infrastructure to get them there more quickly. That seems to be absolutely topical.

I find it rather surprising that the US, Canada and Norway agreed to join that project in April 2021 and the UK has only just submitted an application, which I think was agreed in COREPER this week. We are 18 months behind those three countries in seeing the value of helping to improve military mobility in Europe. My goodness, that has been necessary; I think we have had 40,000 or 50,000 US troops arrive in Europe in the last six months. Yes, it is good that we are there, but let us keep an open mind on other PESCO projects that might be in Britain's national interest.

The Chair: Thank you very much for what has been an enthralling 110 minutes. I am very sorry that we overran, but it was vital to go into all those things. It has certainly been very thought provoking. With that, I declare the evidence session over.