



## European Affairs Committee

### Corrected oral evidence: The future UK-EU relationship

Tuesday 31 January 2023

4 pm

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Members present: The Earl of Kinnoull (The Chair); Baroness Anelay of St Johns; Baroness Blackstone; Lord Faulkner of Worcester; Lord Foulkes of Cumnock; Lord Hannay of Chiswick; Lord Jay of Ewelme; Lord Lamont of Lerwick; Lord Liddle; Baroness Ludford; Baroness Scott of Needham Market; Baroness Nicholson of Winterbourne; The Viscount Trenchard; Lord Tugendhat.

Evidence Session No. 11

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Questions 168 - 188

#### Witness

[I](#): Lord Hague of Richmond.

## Examination of witness

Lord Hague of Richmond.

Q168 **The Chair:** Welcome to this hybrid House of Lords European Affairs Committee. We have our last-but-one evidence session this afternoon on our inquiry into the future of the UK-EU relationship and relations in general.

We are very pleased to have with us Lord Hague of Richmond, who is our sole witness. Thank you very much indeed for coming this afternoon. It is a public evidence session, so a transcript will be taken. We will send it to you in due course and would be grateful if you could review it and notify us of any corrections or additions that need to be made, as this will be the basis on which we will write our report, which we expect to come out in early to mid-April.

We have a limited amount of time this afternoon, so I would be grateful if questions and answers could be relatively crisp so that we can get through the full set of questions, which go far and wide.

We are writing about the future, but it makes sense to have a quick check on where you think we are at present. How would you characterise the current relationship between the UK and the EU? What are the primary factors affecting that relationship today?

**Lord Hague of Richmond:** That is a very broad question to begin with, no doubt intentionally so. I would characterise the relationship as being in a stage of slow improvement, after the enormous shock and disruption to that relationship of Brexit. There was an absence of trust in the relationship until quite recently, but a lot of good work has gone on, particularly since September, to improve relations, starting under the ill-fated Liz Truss premiership and continuing under the new Prime Minister. That has involved a serious willingness on both sides to find solutions on the Northern Ireland protocol.

That could unlock other incremental improvements in the relationship and improve bilateral relations at the same time, which have been part of the same effort on both sides. A UK-France summit is coming up on 10 March. There has not been one for five years, which we would have regarded as entirely normal. There was a ministerial meeting between the UK and Germany in January. There are improvements. The war in Ukraine has also led to many other networks of co-operation arising, including with EU states, such as the UK Joint Expeditionary Force.

There is some serious willingness on both sides to improve but from a very low point at which trust was largely absent.

**The Chair:** That is very helpful indeed. You mentioned Northern Ireland. This will be the last time Northern Ireland comes up, because we have a sister committee that looks at that. Is this the biggest bit of grit that is currently in the machine between the two countries? What are the chances today of a resolution, and do you have some idea of what form that might take?

**Lord Hague of Richmond:** I am sure it is the biggest bit of grit, a big stone in fact, in the relationship. Other things are held up by it. As the committee will know, it has affected UK participation in the EU's Horizon Europe programme. There is no doubt that the EU will be expecting progress on this before unlocking any other new areas of partnership, other than the bilateral kind that I have been talking about.

However, being nearly eight years out of government, I am not privy to how that is going. I can tell from talking to Ministers that a lot of very serious work is going into it, but I cannot assess the chances of success. Of course, it would be very important for any deal to be sufficiently acceptable across British politics for it to endure. That is a major factor that the Government must take account of.

**The Chair:** Thank you very much. That is a very good way of setting the scene. My colleagues will now start going into the detail.

Q169 **Lord Lamont of Lerwick:** Can I ask you about the effectiveness of the framework for co-operation between the UK and the EU that is provided under the withdrawal agreement and the TCA? A lot of people seem to think that it is pretty complicated, with 32 committees. You then have this double-headed eagle, with the two bodies at the top. What do you think about that?

**Lord Hague of Richmond:** It is good that there are such committees, but it does not meet the need for close, senior-level, institutionalised co-operation that ideally ought to exist. There are so many complex geopolitical challenges now that this requires some fairly simple and senior-level structures to co-ordinate it.

It is water under the bridge, but before the withdrawal agreement I advocated that Britain should have observer status on the Political and Security Committee of the Foreign Affairs Council, and that there should be regular meetings between the Minister for Europe in the UK and EU Ministers before the General Affairs Council. I would still advocate that. Although they could not be every month, there should be regular meetings between the British Foreign Secretary and counterparts before the Foreign Affairs Council, before one of the informal Gymnich meetings of EU Foreign Ministers. Once matters like Northern Ireland are sorted out, I would like to see, in principle, that kind of more clearly institutionalised co-operation, without eroding the sovereignty of the UK.

There is a wider point to make here, if I may, Lord Chair, while obeying your strictures to give a short answer. In my mind, there is an important point to make about the whole framing of the argument. We can see it either as a continuing argument about Brexit, in which those of us who did not like Brexit advocate incrementally closer relations and we are viewed suspiciously by the people who did want Brexit, and those who did want Brexit are not so keen on doing all those things, or we can say that, actually, we are starting from here, not from all the Brexit debates, and that the world has changed dramatically in the last few years, with the war in Ukraine, the systemic rivalry between China and the West, or the

beginnings of energy transition, which is changing the whole geopolitical scene dramatically, with more co-ordination of energy policy in the West, the co-ordination of policy on critical minerals, much higher defence expenditure in western countries, and many more new networks of co-operation arising in the world, like the European Political Community, so that now we have to equip the UK, and indeed the EU, for working together on all those things.

Brexit is done, but what are the frameworks for the future. What sort of framework would help us to work together on the future reconstruction of Ukraine, which will become an enormous issue over the next year or two, or on the future security guarantees to Ukraine that will be needed to deter a further war after the current one? These things will require closer and more intimate co-operation between the UK and the EU without compromising UK sovereignty.

I am sorry that this is such a long way of answering Lord Lamont's question, but I do not think that those arrangements are simple enough or ambitious enough.

**Lord Lamont of Lerwick:** At the top are two bodies: the joint committee and the partnership council. I assume that the joint committee is really monitoring how the trade agreements are going. The partnership council, I take it, is a more forward-looking body that perhaps could begin to tackle some of the issues you were raising.

**Lord Hague of Richmond:** Well, it could, but on issues of foreign policy in particular a more intimate consultation is required. From the outside, foreign policy often looks like there is a big bang occasionally and nothing happens in between. But, actually, foreign policy is mainly a busy hum most of the time. It is not a single big decision every few months; it is things that happen every single day to try to avert a future crisis—that little bit of information sharing, that little meeting in a foreign capital that was co-ordinated with other countries.

That means that there ought to be daily co-operation at the official level, the sort of thing that I was talking about when I mentioned observer status at the PSC—that type of co-operation—not just a council to look forward or to review things, but co-operation with an intimacy to it, which we have benefitted from in the past and which could be done again without, as I say, compromising the sovereignty of the UK.

**Lord Lamont of Lerwick:** Thank you.

Q170 **Lord Jay of Ewelme:** Welcome, Lord Hague. Following on from Lord Lamont's question, what do you think the relationship should be with individual EU countries, not with the EU itself? You have talked already about the summits that are planned for France and Germany. Do we need formal summits, or do we need to develop a sort of informal relationship, certainly with all the more important EU member countries, that means that we do not really need a formal summit because we have the day-to-day relations? Or does a formal summit help to stabilise things a bit?

**Lord Hague of Richmond:** It is good to have both. Formal summits help, because the anticipation of them drives decisions and creates an incentive for officials and Ministers to reach agreement, so there is no harm in those. They would be desirable at an EU level from time to time as well as with nation states. Bilateral relations, of course, have become more important in this context, and there is no doubt that the UK Government have worked hard at improving relations now with Paris and Berlin. In matters such as the E3+3 talks with Iran, those capitals will be closely co-ordinated, and they will have had intensive diplomacy together on so many aspects of the Ukraine crisis.

There are many such connections, and we have to keep upgrading them, particularly with the large EU states—not forgetting Italy in this regard—but we also have to create that co-operation with EU structures. As Lord Jay knows very well, better than I do probably, foreign policy is about endless patience and creating structures, many of which overlap but which all become useful in complementing each other.

**Lord Jay of Ewelme:** Do we need in a way to work harder at diplomatic relations with EU countries because we do not have the kind of warp and woof of EU stuff that we used to talk about day by day by day?

**Lord Hague of Richmond:** Absolutely we need to work harder at it. From what I have seen, the FCDO knows that and has put additional effort and resources in around many European capitals, including smaller countries, so it will be very important to keep that up and to find common cause with European countries on problems of European security.

In the crisis in Ukraine, it is often easy for people to forget about the very difficult situation in the western Balkans, for instance. Over the last year, that, in many ways, is becoming a more dangerous situation, and there is a serious danger that, almost in the heart of Europe, there will be countries that are left without a clear strategic orientation. That is a danger for the long-term future.

The UK can work with countries large and small across Europe to create partnerships in working together on issues like that. That is harder work than it used to be, just turning up at the EU Foreign Affairs Council, but this is a new world with harder work.

**Lord Jay of Ewelme:** Thank you.

Q171 **Lord Hannay of Chiswick:** I think what you were saying, which I would certainly agree with, is that having constructive relationships both with the EU institutions and with the member states from outside is probably more labour-intensive than when we were inside, because when we were inside, meetings with every level of Ministers just came automatically because you were around the same table.

Achieving the sort of structure and framework that you are talking about, which I would agree is very desirable, will require quite a lot of input, including at the political level, because it is no good thinking that you can set up 38 committees with officials and they will somehow miraculously

produce policy. They will not. Is that roughly what you are saying? I think it is.

**Lord Hague of Richmond:** Yes, I am saying that. It is bound to be more labour-intensive if you seriously want a productive relationship. It was quite labour-intensive before. When I was Foreign Secretary, David Lidington was the Minister for Europe—for five years, actually—and he went twice round all the European capitals bilaterally, on top of all the relations at the EU level. That sort of engagement is even more important now. In the normal course of events, it is even more important now for Ministers literally to go around every European capital on a regular basis.

Q172 **Lord Wood of Anfield:** Thank you for coming today. I want to ask about Whitehall and the way we engage with Europe. In the Blair, Brown and Cameron years, there was a transfer of the co-ordinating function more towards No. 10 and the Cabinet Office. That has now switched back to the Foreign Office being much more in charge. Are there issues arising from the way we co-ordinate inside government with the new system and the way we engage with the EU?

**Lord Hague of Richmond:** I am not familiar with how this works from the inside, having left government, but I would be a natural supporter of the main driver of policy being in the Foreign Office on this. I thought it was a mistake to hive off responsibility for European relations into what was the Department for Exiting the European Union, and it often caused confusion. I think I started the move in the Foreign Office, after 2010, to claw things back from the Cabinet Office, partly because the Foreign Office, if it is doing its job properly, has to have the overview, and many of the things on which we need good relations and co-operation with EU partners are geopolitical issues. They are not in a separate box, isolated from everything else labelled “Europe”. I think that has become more important over time.

Also, there should be ministerial accountability to Parliament for policy in these areas. That is difficult through the Cabinet Office unless it is always the Prime Minister who will be accountable to Parliament. For all these reasons, a strong Foreign Office lead in this area is needed. Inevitably, co-ordination is needed from the Cabinet Office as well. Some kind of joint secretariat between the Foreign Office and the Cabinet Office has often worked well, since their co-ordination is required across education, energy and many other areas that are beyond the remit of the Foreign Office. But, Foreign Office leadership on this, associated with a very active Minister for Europe, is the right way to do it.

Q173 **Lord Wood of Anfield:** I very much take your point about ministerial responsibility, and the absence of that with a Cabinet Office lead in the same way. However, being devil’s advocate, we will still be negotiating for a number of years a lot of very intricate details that are classic domestic policy issues to do with rules about agricultural products, trade rules or even rules about musicians travelling. The knowledge base of these things is located within departments. The EU will be making trades across these issues—foreign and domestic security, protecting

agricultural sectors, everything else. Is there not a case for a central intelligence outside the Foreign Office that is more to the fore and which can be a broker between these different issues, or is the Foreign Office capable of doing exactly that?

**Lord Hague of Richmond:** Effective broking on these issues is having a Cabinet Committee and official committees supporting that, with the Foreign Office Ministers in the lead who can chair and lead it. That is how to do it, because then it is all connected to the diplomatic effort across the board.

In all those agreements you need the ambassadors in the capitals of all EU states to be really plugged in, to feel that they are really committed to the success of it. Having a direct line down from the Foreign Secretary to them who is also responsible for this area of policy and accountable to Parliament is the best way to drive it.

**The Chair:** It is called “two in the hoose” when you ask more or less the same question again, but we have come across some evidence in the inquiry that is a little troubling. The large number of committees that Lord Lamont was talking about are staffed up by officials from particular ministries. The specialised trade committee on X, Y, Z will have someone from a particular ministry driving it that will not be from the Foreign Office. If that ministry is obviously getting something wrong, how does the Foreign Office encourage the right behaviour? Does it have to go to the headmaster? How does that work in your world?

**Lord Hague of Richmond:** It should not have to. The answer to that problem is not to take the opposite solution to the one that I was just advocating, which would remove it from ministerial accountability and fragment it even more. It is to ensure that the Foreign Office has the appropriate means of co-ordination within government, not to dictate to other departments but to settle such issues with other departments without having to take them through what can inevitably become a bottleneck in 10 Downing Street, where so many decisions must be taken.

That requires effective Cabinet committee structure in supporting officials. This can be organised around the National Security Council or it can be a Cabinet committee separate from that, but it requires that approach from the Foreign Office and the chair.

**The Chair:** That is very helpful, thank you.

Q174 **Lord Foulkes of Cumnock:** You mentioned various structures that have been set up, some of which tend to overlap. That brings me to the European Political Community that the former Prime Minister attended. That was meant to be an informal structure, but you know how these things develop. How do you see it developing as part of the relationship between us and the European Union, and how do you see it in relation to other bodies such as the Council of Europe and NATO?

**Lord Hague of Richmond:** It is an opportunity for the UK. There was a little bit of scepticism in some quarters in Britain about it. The former Prime Minister rightly decided to attend and to offer that Britain host it in the future, although I think Moldova and Spain will host it before that.

In the changed world that I was talking about, where all those issues of co-operation on energy, critical minerals and so on have become more important, it is a good idea for there to be a body that includes the EU countries and some 17 other countries that are not in the EU. I do not think it can be turned into some supranational authority or body that takes on any of the functions of the EU or NATO.

However, if it is a place for co-ordination, particularly for the discussion of energy and security issues, it is a useful format. The UK could think about how to develop it further. For instance, I have seen the idea put forward of a co-ordinating group of the host countries, so the Czech Republic, which hosted first, the UK, Moldova and Spain could be a co-ordinating group. I have seen other suggestions that a European security council could be formed from it. That is not going to work.

**Lord Foulkes of Cumnock:** The membership is almost exactly the same as the Council of Europe, with just one or two variations. Do we need a protocol between the Council of Europe and the European Political Community, so that the Council of Europe continues to deal with human rights, democracy and the rule of law, while the Political Community can develop in the areas that you have described?

**Lord Hague of Richmond:** Such a thing might be needed in the future. I would see how it goes for the time being, because it would be a protocol with something that is very amorphous. It has not really found its role yet. There will have to be several meetings and a couple of years will have to pass before that. I doubt that anyone really has in mind in governments that the European Political Community would take on those functions of the Council of Europe, so I do not think that the Council of Europe loses its importance or need worry about that. I would develop this for a couple of years and then think about what structure needs putting around it, if any is needed.

**Lord Foulkes of Cumnock:** That is very helpful.

Q175 **Lord Faulkner of Worcester:** Can I press you a little on the co-ordination of foreign security and defence policy? In the days of Mrs May's Government, there was an ambition to set up a special security partnership. That has rather disappeared. Is the absence of a formal agreement deleterious to the interests of the United Kingdom and the EU?

**Lord Hague of Richmond:** Yes, I thought that was a good idea, and some of the things that I was suggesting earlier would naturally be part of the supporting structure of a security partnership. Different decisions were made when the final deals on Brexit were done by a different Prime



Minister. However, this would still be the right thing for both sides to aim for in the future.

Let me give another illustration of the need for intimacy of co-operation. As Foreign Secretary, about 10 years ago I was heavily involved with Somalia and piracy in the Indian Ocean. It was one of the foreign policy successes among many setbacks at that time. We dealt pretty well with piracy in the Indian Ocean, which was rife. We did not fully rescue Somalia, but we stabilised the situation. The prime actors in this were the EU and EU structures, and the UK, in co-ordinating a whole range of activities that ranged from: writing UN Security Council resolutions—the UK; hosting a naval military headquarters—the UK; financing African nations to fight al-Shabaab—the EU; development aid—the EU and the UK; and using the networks of the Commonwealth, the United States and the whole of Europe to get a policy together.

That is the sort of thing that you need the structure of a strategic partnership to do, because doing that in an ad hoc way every time is very difficult. Alerting each other to the latest nuances of the Central African Republic or Mali and knowing what plans allies are making to deal with the things that are outside NATO responsibilities also requires that intimacy of co-operation. The UK would not have to join in with anything that it did not want to. It would be well enough informed to know whether it wanted to join in. The EU would undoubtedly benefit from co-operation with the UK on all these issues.

**Lord Faulkner of Worcester:** Presumably you think that the Russian invasion of Ukraine has strengthened the argument for co-operation between the UK and the EU on defence and security matters.

**Lord Hague of Richmond:** Absolutely. It has strengthened the case for many more things, of course, such as the enlargement of NATO. It cannot all be solved by the UK-EU structures, because the EU member states have not all been prepared to move in the same way or agreed on their policy. I mentioned the UK Joint Expeditionary Force earlier. There we have the UK working closely with the more northern EU countries and going ahead of more southern countries to give additional assistance to Ukraine.

We should not pretend that this is the whole picture. It is one component of strengthened networks in foreign policy to put the relationship with the EU on that partnership footing in foreign and security policy. It is one of many networks that are needed for the United Kingdom's national security and foreign policy interests in the future.

- Q176 **Lord Hannay of Chiswick:** Lord Hague, you have partly answered this question. I am sure that you too are aware that there is still extant a political declaration, which could be the most straightforward foundation for what you are now suggesting, as it was signed and ratified by both parties. The British Government of the day decided not to proceed with it, but it is still there and has been accepted as binding by the European Union. It would be a place to start.

To go from the general to the specific, on the sort of structured framework that you described, an example that has struck some of us is the implementation of sanctions, which have now become an integral part of foreign and foreign economic policy, whether for Russia, for China—these are much more limited, of course—or for Iran, where they are pretty extensive.

There are lots of bright people in Beijing, Tehran and Moscow whose job is to find their way around these systems. This is a specific area where a structured framework would be valuable and would enable us. At the moment, the evidence is that the Russian economy is not suffering quite as badly as we would have hoped from sanctions. There was an article in the *New York Times* today suggesting that the exports of mobile phones and such things to Armenia had doubled or quadrupled and that they did not all end up in Armenia.

These problems could be addressed, but they almost certainly need a structured framework to address them effectively. Is that your opinion?

**Lord Hague of Richmond:** Yes, that is another example, on top of those that I gave earlier. Lord Hannay is quite right that the sanctions have not been effective in preventing quite a wide range of European goods from reaching Russia. Not many people in the West spent their Christmas in Moscow, but one or two who did tell me that the luxury goods shops are all open and people in Moscow have not noticed much difference. It is indeed through Armenia, Turkey or other countries that these goods allegedly pass. EU-UK co-operation is not the panacea to end that, because those countries are not in the EU. Nevertheless, it is an illustration of policy that needs that intimacy of co-operation daily. Sanctions must be re-evaluated daily and updated.

The agreement between the EU and the UK on sanctions in relation to Russia has been good, even without the structures that we are referring to, as has co-operation on policy towards Hong Kong for measures taken in relation to Xinjiang. We should not paint a picture of failing co-operation, but it could benefit from being stronger, more intimate and better informed on both sides. Sanctions are certainly an example of that.

Q177 **Baroness Ludford:** I think that a lot of my question on Ukraine and sanctions has been covered. How effective has co-operation been between the UK and the EU in response to the Russian invasion of Ukraine, in the absence of the structured strategic partnership that you have referred to? Which areas of co-operation have worked well in the context of the Ukraine crisis? Which have worked less well and could have been improved?

**Lord Hague of Richmond:** Many things clearly have worked well, although in an ad hoc way. I mentioned how the EU has not always been united on what to do in some of the things that really matter, such as military hardware being sent to Ukraine. In any case, that is not an EU responsibility; those decisions are made in Paris, Berlin, London, Warsaw.

It is not a panacea. If we already had a strategic partnership with the EU, that more structured co-operation that I am saying we should have over time, it would not necessarily have made a dramatic difference to those things. The main point is that the Ukraine war is not a crisis of just the last 12 months or the next 12 months. We are going to be dealing with the issues that arise from this for 20 or 30 years. The reconstruction of Ukraine will be a trillion-dollar or more programme. The threat of another war in the future, however this one ends, will be very considerable. It might not have made an enormous difference to what has happened in the last year, but there is an increased need in the future to maximise the institutional co-operation between the UK and the networks around us, one of which is the EU. That is how I see it.

However, there has been very good and willing co-operation in many aspects of humanitarian systems, such as the movement of refugees, including through the EU and into the UK, so we must salute some of the very good efforts that have been made.

**Baroness Ludford:** You said that co-operation between the UK and the EU on sanctions had been good. Do you think that a formal co-operation framework would have made it even better, and how might the UK and the EU build on the experience of this co-operation towards Ukraine, including on sanctions? Are there green shoots of where things might go in the future?

**Lord Hague of Richmond:** Maybe there is the odd green shoot. I think that co-operation has been good. Aligning on sanctions is a matter of political will. It is not just structure. There must be a political willingness to have a similar policy. That policy, as Lord Hannay pointed out, could be made more effective by closer co-operation in the future.

But, the absence of such structured co-operation, institutionalised co-operation, strategic partnership—whatever we want to call it—has not actually prevented agreement on sanctions. This is not the solution to everything. A more intimate co-operation with the EU on foreign and defence matters is just one of many building blocks of a more secure Europe for the UK in the long term.

Q178 **Baroness Anelay of St Johns:** When you talk about building blocks and security across Europe, you remind us that when Ukraine is freed from the invasion, there is still the danger of another war. Clearly, one of those building blocks is NATO. It is a time when we have seen NATO and the EU beginning to find a way of co-operating in a stronger sense than they have before, despite some of the disagreements in the EU. One can see this developing.

What are the implications of that closer “*approchement*”—rather than *rapprochement*—between NATO and the EU? What are the implications for us as a non-EU state? What challenges and advantages can we glean from that?

**Lord Hague of Richmond:** There are advantages for the UK as a non-EU state but a leading member of NATO. The UK is supportive of that co-

operation, because the joint declaration between the EU and NATO highlights the need to work together more closely on issues such as resilience, energy, technology, space, the security impacts of climate change and tackling foreign disinformation. These are all issues on which the UK must work with its EU partners, so if the EU and NATO are working more closely on those things, that is all to the good.

Working more closely on those things is still at the stage of good intentions rather than practical reality. However, working more closely on those things is in the British national interest and does not threaten what we have already been concerned about, which is EU duplication of NATO structures or co-operation that might in some way reduce the role of the United States in European defence.

These have always been concerns in British foreign policy, but I do not think that this type of co-operation—co-operation that is very much trying to deal with the sorts of issues that I mentioned earlier, issues that are changing geopolitics and foreign policy—is a threat. There are opportunities here for the UK, and we should be energetically supporting EU-NATO co-operation.

**Baroness Anelay of St Johns:** You talked earlier about being part of the discussion. Do you see one of the challenges being that we will not necessarily always be part of the discussion but that we gain on the security?

**Lord Hague of Richmond:** In EU-NATO co-operation, we will always be part of the discussion. The UK is big in NATO and highly influential. That is why we can safely support this.

**The Chair:** To ask another “two in the hoose” question, are you saying that the formalised political structure in the EU and a very good structure between the EU and NATO—such structures that were well thought through—and western liberal democracies’ answer to things would make authoritarian leaders think harder before launching other expeditions?

**Lord Hague of Richmond:** It would be one of maybe 100 things that we would need to do to make them think harder. I do not want to overstate the importance of it, but these things all add up. That co-operation can help. There are other things that the EU sometimes tries to do in defence policy where we worry about how it will co-operate with NATO. I spent some of my time as Foreign Secretary, when we were still in the EU, vetoing plans for EU military headquarters. They were grandiose plans when we are not short of headquarters. It is tanks, planes and soldiers that we need, not headquarters. Those plans would have just been a duplicate structure for what NATO can provide.

Some people in the EU, when advocating EU-NATO links, see the EU taking on more of that type of structure. That is not the way to go. However, if it is co-operation on energy, technology, space, tackling foreign disinformation in a practical way, supported by a suitable

structure between the EU and NATO, that is definitely part of making the western world more secure.

**Q179 Lord Hannay of Chiswick:** Do you think there is any scope for greater co-operation with the EU over defence procurement and such matters? After all, Germany is hugely increasing the resources that it puts into this. There is not much co-operation at the moment. Is there scope for that in the future? It was rather startling that it took the Americans and the Canadians to sign up to the mobility arrangements for moving troops around before we joined; an odd ordering, do you not think?

**Lord Hague of Richmond:** Basically, yes. Again, it is not the answer to everything. The EU is not very well aligned with itself on many aspects of defence procurement. There have been some major disagreements between Germany and France on how Germany will spend this huge increase in its defence expenditure.

However, there will be opportunities for the UK to co-operate directly with Germany, as we have often done over many years with Italy in defence procurement. There should also be opportunities with the European defence fund that has been created.

I agree about the mobility provisions of PESCO. The UK was right to go into that, but it was an obvious thing to go into. There will be other such projects which the UK can join in with.

Going back to one of my original points, we must see this as how we adapt to the future and not how we are adjusting to Brexit, or we will never get out of the Brexit argument. It is part of adjusting to the future, in an age of massive increases in defence expenditure across many western countries, including several EU countries, to enhance the procurement co-operation with them.

**Q180 Lord Tugendhat:** Thank you, Lord Hague, for your extremely helpful suggestions.

I want to ask you about something that is happening as distinct from something that should happen. How effective has co-operation been between the UK and the EU over energy security challenges following the Russian invasion of Ukraine? As I understand it, there were only two meetings of the specialised committee on this matter during 2022. Do you have any thoughts on this?

**Lord Hague of Richmond:** Some good co-operation is emerging. It is rather like the other subjects that we have been discussing, in that some valiant and quite productive efforts are being made at co-operation that would all benefit over time from a more structured approach. Progress has been made. The UK has just signed an energy agreement with the United States that has an important bearing on the EU, since it involves the US committing to exporting LNG to the UK, much of which will be able to go on to EU countries.

There has also been a bilateral agreement with the Netherlands recently, and the North Seas Renewable Energy Cooperation agreement on the

North Sea. These things are building up and they are all necessary in this changed world. The absence of that more structured partnership has not stopped that. However, this is the world that we are going into. More and more of this is needed. Therefore, it will be beneficial to put some structure around it, at least for regular consultation and co-ordination, not for the UK to give up its independence to the EU.

**Q181 Lord Tugendhat:** Can I approach this from another angle? Is one reason for there perhaps having been rather less co-operation than one might have wished the ambivalence of the German position on energy and on Russia? Would you agree that the extent to which one can have useful co-operation with the EU will depend in the future very much on the extent to which Germany is committed to a particular line of policy? Just as nothing much can be achieved in NATO if the Americans are not behind it, it will become increasingly true that nothing much will be achieved unless the Germans are fully committed.

**Lord Hague of Richmond:** There is a lot in that. It is true. There are many signs that Germany is committed to the same direction, and with great energy. The ability of the German economy to adapt to this energy crisis has often been underestimated. The construction of an LNG terminal in 200 days is the latest evidence of that. That improves the opportunity for such co-operation in the future.

If we think ahead, what will the energy picture be around the EU in another 20 or 30 years? It will be quite different in many of the main European countries. Britain might have its modular nuclear reactors and a lot of wind. There might be solar power being brought up from Africa and the Mediterranean. France will still have a very strong nuclear industry and Germany will not, although it will have a lot of wind and solar power.

That will need a lot of interconnectors and a lot of co-operation to make it work. To keep our lights on we will all need our neighbours to help us, and they will need us. Part of the challenge is breaking out of the debates of the last 10 years about Brexit and into the debates about a world of energy transition and geopolitical tension, and a Ukraine crisis that does not easily go away for a long time. That creates requirements that are different from the thinking of the last decade.

**Q182 Viscount Trenchard:** Moving on from Lord Tugendhat's question, it is very interesting that you identified the big difference in European energy policy between France and Germany, in that France is still substantially dependent on nuclear, while Germany is still officially phasing nuclear out completely. The two biggest economies in the EU having diametrically opposed policies on energy presumably reduces the opportunities for collaboration.

You also mentioned the North Seas Energy Cooperation group. We recently signed an MoU to re-engage with it. I am not sure why we left it. Norway has always been a member of it. We left at the time of Brexit, but it looks as though we will be starting co-operation again. Is that significant, or is this group less effective in encouraging energy co-

operation because its scope is limited to offshore wind and connectors?

**Lord Hague of Richmond:** I think it is significant. Offshore wind in the North Sea will be a major source of electricity generation.

By the way, European countries pursuing different energy policies, as we have noted with France and Germany, does not necessarily make co-operation difficult. It will make technological co-operation more difficult, but it makes co-operation even more essential if we are all generating power in different ways. I do not see that as inhibiting co-operation.

The North Seas agreement is a wholly positive thing. It is a memorandum that enables closer co-operation in the development of offshore renewable energy, including offshore grids in the North Sea. It is expected to support the UK's target to increase offshore wind fivefold. Of course, one can say that it ought to be more ambitious and cover more things, and it is the thrust of my evidence that the UK should be more ambitious, and more relaxed about any threat from building new structures of co-operation with the EU.

Nevertheless, this is another important step forward. We are seeing that some steps forward are being taken, under the pressure of the Ukraine war, in how the UK and the EU work together. If the Northern Ireland protocol issues are resolved, other steps forward would be taken in perfectly sensible, mutually advantageous ways. Once you are taking 10 or 20 steps forward in co-operating, you need steadier structures where everyone knows how they work, structures that are simpler and more senior, as I suggested in my answer to Lord Lamont, so that we start moving naturally in that direction.

**Q183 Lord Hannay of Chiswick:** Would you not recognise that one or two elements in this energy and climate area risk having negative effects? If the transmission emissions system was based on quite different carbon rates in the UK and the EU, this could be a problem for both. If the cross-border measures which the EU has now pretty well committed itself to applying to imports of carbon-intensive products—cement, steel and so on—were applied quite differently by us and them, or at different levels, this could add friction to the trade between us and the EU.

You may agree that there are some risks there that can probably be avoided without us simply signing up to the EU's policies but ensuring that our policies remain relatively consistent with each other. Does that make sense to you?

**Lord Hague of Richmond:** Yes, I agree with that. Many of these risks naturally arise from energy transition and are risks to main aspects of world trade and European trade. Where countries pursue markedly different policies on net zero, on carbon border adjustments, that can lead to distortions and loss of trade. The question of how countries will align is not just a European issue. It will be very important. It is already a huge issue between Europe and the United States—how Europe responds to the inflation reduction act in America and whether that constitutes fair treatment of businesses in Europe and the UK. We will see many more of

those things. This is one of the big challenges for economic and foreign policy makers over the coming years.

Because we have left the EU, it is a challenge and a source of potential friction between the UK and the EU, so that will need a lot of attention, exactly as Lord Hannay says, not necessarily to have the same policy, but to have policies that do not produce distortions between the UK and the EU.

**The Chair:** Thank you very much. A different subject now with a question from Lord Liddle.

Q184 **Lord Liddle:** Thank you, Lord Hague, for the positivity and directness of your answers, which has been terrific.

On a completely different subject, free movement/mobility, we have taken a lot of evidence, ranging from the drying-up of school trips to the problems of professional musicians, architects and so on being able to work properly on the continent. Is this an area that deserves revisiting? We are coming on to education in the next question. I am not saying "restore free movement", but do you think that on mobility questions there is a case for revisiting this area? For example, in the Australia trade agreement, we have agreed with the Australians that people under 35 can have working visas for three years. Is that the sort of thing that we should be thinking about?

**Lord Hague of Richmond:** It is the sort of thing, yes. "Revisiting" can be a dangerous word. In any case, neither of the two main political parties in Britain would promise at a future election to restore freedom of movement; it would be a perilous approach for them to take.

However, we should absolutely be in the business of incremental improvements, where people can see that there is a common-sense aspect to it. One of the most welcome aspects of the agreement with Australia is the provision for young people to work for a time in each other's countries. We ought to try to do that for EU countries in the future. At the moment, you can do that for young people from Iceland but not from France. That should be regularised and straightened out over time. We should want young people from the EU to be able to spend time here in the UK, and vice versa.

I am no expert on the issues surrounding musicians and artists, but common-sense solutions should be found to these things. The UK must work out how to do much of this in its global visa policies. The UK still has very high net migration, and we must bear that in mind when addressing Governments on migration policies. The figure for net migration last year was half a million, albeit that it was particularly high in the aftermath of Covid.

At the same time, you can still meet many businesses, including in high technology or financial services, which say that they could bring many more well-paid people to the UK if they could get visas for them. We must be sure, particularly in science and technology—sectors of



innovation—that people, including EU citizens, can base themselves in the UK. That requires further attention.

**Lord Faulkner of Worcester:** What about students? Do you not feel that British universities will suffer enormously because of the great reduction in overseas students coming to Britain?

**Lord Hague of Richmond:** This is not my specialist subject, but, again, we must bear in mind that, on the latest figures, a very large number of overseas students and their dependants arrived in Britain. They were a major component of that half million.

I am sure the committee are driving at the possible loss of EU students, particularly after pulling out of Erasmus. The British Government are setting up what seems to be a very good Turing scheme, but that is about people going outward. We will need reciprocal arrangements for European students to come into the UK. How one constructs that is not my area of expertise, but a two-way flow is extremely important.

**The Chair:** It is worth saying for those who are watching that the Taith scheme, an interesting scheme that Wales has developed, will form part of the evidence for the committee to consider. Also, for those who are interested in the youth mobility schemes that are already in place with Australia and New Zealand, they have aggregate caps. They are not a licence for millions of people to arrive. There is a sensibly sought through aggregate cap, but it allows substantial numbers of people to come to this country.

We move, for our last substantive question, to Baroness Scott, who is participating remotely.

Q185 **Baroness Scott of Needham Market:** Thank you. It has been a fascinating session.

I want to pick up a little more on some of the references that have been made in the last few exchanges. How do you think we got into a situation in which the Government thought about creating a scheme that allowed British students to leave Britain but did not think about foreign students coming here? Was that an oversight, because too much was being done in a hurry, or was it deliberate? If it was deliberate, can we find a way back out of it? Presumably it was because it was done in a hurry and we can find a way out of it. Maybe the Turing scheme will link up with Erasmus in some way. What are the prospects for this?

**Lord Hague of Richmond:** I do not know. I caveat everything I say to the committee on this by saying that I am not a former Education Secretary, although I was an Education Minister in Wales by virtue of being Secretary of State, so I am very glad that its latest work will be part of the committee's report.

We see here two different goals in government policy. One was to align EU migration with global migration in order for the rules for EU citizens to be the same as those for the rest of the world, and to simplify migration

into the UK in that respect and as a way of respecting the result of the EU referendum. The other was to ensure that British students are not losing the opportunity to study abroad.

Those things have been implemented and, as Baroness Scott correctly identifies, the gap is: what about the EU students who are coming here? They are then bracketed in with the rest of the world. I hesitate to advocate the solution to that. I will content myself with saying that there ought to be one, but I do not know how, as an Education Minister, one would devise it.

**Q186 Baroness Scott of Needham Market:** This is a different subject, but right back at the beginning, you talked about Horizon. As a committee, we have expressed our dismay at the impact it is having on the UK research community. Is there any hope of disengaging our participation in Horizon from the wider issues, from the question of the Northern Ireland? Can that be done, or will we just have to hope that the bigger issue can be resolved?

**Lord Hague of Richmond:** My understanding is that it would be necessary to resolve the Northern Ireland issue. In negotiations, we all keep leverage. The EU does that very well, so I imagine it will continue to do so in this case. Now, with progress being made, we believe, on the Northern Ireland issue, the EU is not likely to give up that leverage now.

This is an extremely important issue. The whole area of scientific co-operation is among the most important of all these issues. We are entering the fastest period of innovation in science in the history of human civilisation. It is absolutely vital that the co-operating networks between universities, institutions, the private sector and Governments on this issue are strengthened and that the brightest scientists in the world can live and work in the United Kingdom. This is a prime consideration in building a better relationship with the EU in the future.

**Baroness Scott of Needham Market:** Thank you very much.

**Q187 Lord Foulkes of Cumnock:** Could I ask a wider question? Most of our questions have been very specific, on particular items. I think it would be a pity if we did not ask you a wider question, given all your experience and knowledge of this area. I presume from what you have said that, like Keir Starmer, you do not think that applying for membership of the EU in the near future is feasible, but do you have a vision of our long-term relations with the European Union? Just as Switzerland has its structure, Canada has its structure, Norway has its structure, do you have a blueprint for some kind of bespoke arrangement that we should be working towards?

**Lord Hague of Richmond:** I do not think I have a blueprint, yet you are right: this is one of the subjects on which I would agree with Keir Starmer—and almost everyone else, really, in the senior levels of British politics. No one is about to contemplate rejoining the EU. Indeed, no one is about to contemplate, at least in the next five or six years, a Swiss-style relationship with the EU, although I wrote a couple of months ago in

my column in the *Times* that if, by the late 2020s, there is intense dissatisfaction with Britain's relations with the EU, that sort of thing will come back on the agenda. So it is very important that everyone who wants to show that Brexit works does it in the next five or six years or that debate will start to change, but not until then, I think—a whole electoral cycle away.

I do not have a blueprint and, thankfully, I am sufficiently long out of government that I do not have to come up with such things, but I do think that we should have a sense of direction and purpose. That has to be anchored in an understanding of what is happening globally and geopolitically. That means that we are in this world, which I described at the beginning, of requiring co-operation with other states to be intensified on energy flows, on critical minerals, on defence expenditure, on national resilience, on driving innovation, which we were just talking about.

So what we are looking for are the structures of co-operation that allow us to do that while still retaining the freedom to act as we wish when we need to, and we should work out why we are trying to do it and to guarantee the future security of Europe, given what has happened in Ukraine and our expectation that this is not a short crisis. If we know that that is what we are trying to get to, rather than arguing about what we did in the referendum, that at least should take us in a clear direction that can be built on over time.

**Lord Foulkes of Cumnock:** Thank you. That is very helpful.

**The Chair:** It is always fatal to use the word "last", as a chairman, but the last question is from Lord Lamont.

Q188 **Lord Lamont of Lerwick:** My question is a bit similar to Lord Foulkes's. You said earlier, I thought rather memorably, that we should be adjusting to the future, not adjusting Brexit. I wholly agree with that. However, given that the TCA comes up for review at the end of 2024—let us leave Northern Ireland out of it—what aspects of the TCA do you think should be in that review?

**Lord Hague of Richmond:** It is always the last question that is the worst, particularly when it comes from my former boss, Lord Lamont. I have not worked through all the items of the TCA that need review, but I would want to put on top of it the sort of things that I have been describing—a simpler and more senior, and more continuous, structure of co-operation; and the types of ideas that I mentioned earlier, of regular ministerial meetings and observer status at the PSC that mean that the UK and the EU are well informed, when appropriate, of each other's plans and thinking on foreign and security matters. The structures agreed after Brexit do not meet that requirement. So that is what I would try to achieve in a review of the TCA.

**The Chair:** Lord Hague, thank you. It has been an absolutely gripping 75 minutes of pure gold, as far as we are concerned. Thank you very much for being clear and very frank indeed. I know I speak for all my

colleagues in saying that.