

# European Scrutiny Committee

## Oral evidence: PESCO and UK-EU Defence Co-operation, HC 1347

Wednesday 17 May 2023

Ordered by the House of Commons to be published on 17 May 2023.

[Watch the meeting](#)

Members present: Sir William Cash (Chair); Richard Drax; Margaret Ferrier; Mr Marcus Fysh; Mr David Jones; Craig Mackinlay; Gavin Robinson; Greg Smith.

Questions 1 - 37

### Witnesses

I: Professor Malcolm Chalmers, Deputy Director-General, RUSI; Professor Gwythian Prins, Emeritus Research Professor, London School of Economics and Political Science; and Luigi Scazzieri, Senior Research Fellow, Centre for European Reform.



## Examination of witnesses

Witnesses: Professor Malcolm Chalmers, Professor Gwythian Prins and Luigi Scazzieri.

**Q1 Chair:** Good afternoon and thank you very much to our witnesses for appearing before us to give evidence today. On 2 May we launched our inquiry into PESCO and UK-EU defence co-operation. This is the first evidence session of our inquiry, from which we hope to gain a background understanding of the EU's permanent structured military co-operation, its programme, and how it fits with UK defence policy, as well as on co-operation with the EU post-Brexit.

We are keen to hear about where PESCO fits with the EU's other military programmes and projects, the link between PESCO and NATO, and the relevance of PESCO to the UK now that we are no longer an EU member state. On that last point, we are especially interested in the new PESCO military mobility project and the Government's decision for the UK to participate as a third country.

Before we get started, and for those watching at home, will you briefly introduce yourselves? Mr Scazzieri, as you are appearing remotely, we will come to you last, so please do follow your colleagues if you wish to add to their evidence during the session. Thank you very much. I will start with Professor Malcolm Chalmers.

**Professor Chalmers:** I am Malcolm Chalmers, the deputy director-general at the Royal United Services Institute here in London, and I follow UK defence and foreign policy issues.

**Professor Prins:** I am Professor Gwythian Prins, emeritus research professor at the London School of Economics, specialising in geopolitics. Before it was dissolved, I used to be a member of the Chief of the Defence Staff's strategy advisory panel, and I have variously worked advising the Secretary General of NATO and the Secretary-General of the United Nations.

**Luigi Scazzieri:** I am Dr Luigi Scazzieri, a senior research fellow at the Centre for European Reform and I follow European security affairs, including EU efforts in the defence field.

**Q2 Chair:** Thank you very much. Can you please explain how the EU's defence policy is structured and how the EU operates in this area?

**Professor Chalmers:** There are a number of different components to the EU's involvement in defence matters and that continues to evolve. Some of the most significant evolutions have happened since the invasion of Ukraine, which I hope we get on to; the EU's involvement particularly in relation to ammunition and weapon supplies, has proven to be quite significant.



PESCO is one of the components of the EU's involvement in that. It is designed to add a little bit of flexibility to the involvement, primarily, of EU member states in contributing to a series of projects, most of which are about procurement. Each particular PESCO programme has a different set of countries' involvement. The one that we are involved in, which I am sure we will come to, is the military mobility programme, but there is a whole series of others in which we are not involved.

Sitting alongside that, and rather more centrally situated in the EU, is the European Defence Agency and then the European defence fund, which has evolved quite substantially in scale since we left the European Union. That fund is designed to promote European co-operation, primarily in research and development but to some extent also in procurement. That continues to evolve, and it is a whole series of programmes. It is something that the UK is not involved in, but we could discuss what the options are for the UK engaging with that.

Then there are EU defence and security missions, some of which are specifically defence in nature but many of which are civilian in nature. They all come together as CSDP missions. The scale of those missions has declined quite significantly in recent years. I believe the latest figure that the Commission gives is around 3,000 personnel involved across all of those projects. Depending on how you count them, nine of the projects are military in scale. I don't have a number for the total number of personnel involved in those military missions, but maybe the most significant is the operation in Bosnia. Most EU military missions right now are training missions in a number of African countries and elsewhere, rather than commitments of military force, but Bosnia is the main exception to that.

**Q3 Chair:** That is a very good summary. Professor Prins, do you want to add to or perhaps comment on that, rather than to go through the list all over again? The same goes for Mr Scazzieri.

**Professor Prins:** I will not inflict a list on you but I will give you a slightly different answer. I want to put this into context. There are a few basic principles, as we move into this discussion, that I would suggest that the Committee should bear in mind. The first is that all European Union defence initiatives are primarily not about defence. They never have been.

The Plevan plan in 1950, which is as old as I am, was one of the very first initiatives—even before the European Union was, let alone, a glimmer in people's eyes, it wasn't even thought of at all—at the end of the war that was an ambition to try to create some form of independent European military structure. But it came to nothing. Having come to nothing, the European founders moved to the Communauté européenne du charbon et de l'acier—CECA, the iron, coal and steel community—and then of course moved on to trade and to other things.



## HOUSE OF COMMONS

You always need to understand that, since this is primarily a political project of union, we are always looking at mechanisms that drive towards that goal. Defence was absolutely the first choice, and then it did not come back until 2016, about which I will say something in a moment.

Secondly, its mode of action is consistent. It is always driven obliquely through quite mind-boggling spaghetti diagrams of acronyms, which very few people understand. For my sins, I think I do understand most of them and I will be happy to try to lead you through some of them where it is relevant. The point is that the complexity is part of the mode of action. It acts as a sort of smokescreen, because people's eyes glaze over.

When you unravel them, you discover that the objective in all of these areas—including military mobility, which Malcolm mentioned, to which we will come—is also the same, which is that it is not co-operation: it is subordination. It is to find mechanisms whereby member states, when they are member states or third-party states, as we now are, can be drawn into relationships that actually deplete the sovereignty of nation states. This is not a general observation; I can demonstrate the truth of that in amazingly boring detail—not that I will inflict that on you.

The third thing is to remember the Eagles' greatest hit, "Hotel California". You will perhaps remember the most famous line, which is that the night manager says, "You can check out any time you like, but you can never leave". What is happening at the moment—which we will display in detail—is that now that we have left the European Union, our relationship with the European Union has seen some quite extraordinary counterintuitive developments.

First, immediately after we left in 2016, the project of military union accelerated. There are two foundational documents, both of which were passed by the Council in November 2016. They were actually slated for earlier in 2016—for the spring—but then they were delayed to the June and then to the November. There is documentary evidence as to why that was done: it was believed that if the plans were revealed before the British took their vote in the referendum, it might be found helpful to those who were arguing for the United Kingdom to leave the European Union—if the nature of these entanglements was made clear. They were made clear in two pieces of legislation: the SDIP—the security and defence implementation plan—on 14 November and then the European defence action plan, or EDAP, on 20 November. These are the two foundational pieces of legislation from which PESCO is one of many spinoffs that have come. We can discuss in more detail how that works, but do remember the night manager in "Hotel California"—do remember subordination, not co-operation. This is, if you like, a political statement about the nature of this project.

In so far as it has military impact, we are now talking in the world after 24 February 2022. That is to say, we are now talking in a world of war,



## HOUSE OF COMMONS

not only for the Ukrainians but also for ourselves. They are in hot war and we are in grey war. We are under attack from our enemies in many ways—cyber war, information war and energy warfare.

For my sins, I suppose, I had the privilege of being hacked by the FSB last year, because I think I was found to be inconvenient, from the Russian point of view, and my working relationship with the former chief of the Secret Intelligence Service, which we had been conducting on Proton Mail, suddenly became known to the entire world. This did not concern us greatly except, as Sir Richard Dearlove said to me, it showed everybody how formidable we had been. We were accused of all sorts of extravagant achievements, such as frustrating Mrs Theresa May's withdrawal Act, but I do not make any claim to having been able to do that.

Those are the overriding things. As for military co-operation in Europe in the current context of war, I would argue, as a headline statement, and I will sustain this in as much detail as you wish, that the European efforts—Malcolm and I may take a different view here—are wholly unhelpful. They are entirely unnecessary militarily. In so far as military mobility, for example, is taking place, this is partly because of a failure by NATO to have produced its own mechanism to do this.

There is, though, a consistent attempt being made now to raise the European military spaghetti, which can be seen on this diagram. By the way, I challenge anybody to understand this diagram before you allow anyone to sign up to anything. This is now being represented as being on a par with NATO, which of course in the real world—the hard world of fighting Mr Putin—it is not. So that is the context.

**Chair:** That is very interesting and very helpful. It sounds very much to me rather like the harmonisation programme of the single market, which is directly connected and driving towards political union, if they can get there. It is the same kind of problem, which you have explained very well in the military context.

**Professor Prins:** You are correct, Chair.

Q4 **Chair:** Mr Scazzieri?

**Luigi Scazzieri:** Thank you. I have a few words to feed into what has been said. First, I agree with Professor Chalmers' distinction of the two pillars of the EU defence and security policy: the one in terms of operations and the one in terms of fostering more joint capability development and closer co-operation. I would characterise the latter efforts as extremely practical in nature and result-driven.

There are several different legs to EU efforts, and I shall characterise them briefly. You have the European Defence Agency, which largely works to help member states to define and harmonise requirements. Then we have PESCO, which is essentially a co-operation framework with 60 different projects. By the way, more than half of those directly



## HOUSE OF COMMONS

address NATO priorities, including of course military mobility, which is the flagship of EU-NATO co-operation. Then we have the European defence fund, which is worth €8 billion and, essentially, is aimed at fostering research and development in the defence space, as well as the development of prototypes. In my view, this contributes very directly to the improvement of European military capabilities in an extremely tangible way. Then you have new initiatives that are in the works, which are essentially fostering joint procurement—you have the EDF, which is for research and development, and then you have new initiatives in the works for joint procurement.

Then you have the European peace facility, which has been used in very practical terms to provide Ukraine with billions in military assistance, specifically financing member states for the provision of weapons to Ukraine, and also more recently—this has been hinted at already—for the provision of ammunition. There is an effort to jointly procure €1 billion-worth of ammunition on behalf of Ukraine and also to pour EU funds into boosting industrial capacity, in order to ensure that our defence industrial base can produce the military material that is needed to deter Russia and enhance European security.

My final observation is that, first, the general principle in the EU security and defence space is of course that of unanimity. Unlike many other EU policy areas, it remains one in which member states are very much in the driving seat. Secondly, I would make a distinction, because EU tools in the defence space are of two different kinds. We cannot speak of PESCO and the EDF as if they were part of the same. They follow a different logic. In essence, PESCO is driven by member states and it is fully in their hands, whereas the EDF is an industrial policy tool that sees the European Commission in the driving seat. It is worth drilling down a bit into those later on perhaps.

**Chair:** Thank you. That is a very good starting point. We have a limited amount of time, so I would be grateful if, in answering the other questions, you could concentrate on the specific question as put—although as we have just experienced, you have all given a very good outline of how you view the position.

**Q5 Gavin Robinson:** Good afternoon, gentlemen. Mr Scazzieri, before I move on to the substantive question, you mentioned the phrase “our industrial defence base”; who do you mean when you say “our”?

**Luigi Scazzieri:** I mean NATO-wide, but there is of course a very big question there—I think this is partly what the Committee aims to investigate in its inquiry—about the UK’s association and involvement and the implications of deepening defence co-operation for the UK. When I said “our” I meant NATO-wide and European security-wide.

**Q6 Gavin Robinson:** I see a distinction between the two. Are we talking about NATO or the European Union?



**Luigi Scazzieri:** The initiatives themselves at the moment are aimed at the EU, per se. However, I would make the argument—people may agree or disagree—that the strengthening of European defence capabilities strengthens NATO as a whole and European security as a whole.

**Q7 Gavin Robinson:** You mentioned the industrialised pillar and then you have the defence co-operation pillar as two separate strands. My understanding—from a Defence Select Committee perspective and defence engagement on a UK-wide basis—is that a number of European Union member states are incredibly nationalistic about their defence industry. France would be a particular example of that, but is not alone in that. How do you find the ability to draw together industrial bases into one, or our, industrial base when you have national tendencies from each member state?

**Luigi Scazzieri:** I agree that that is very much a challenge that, in a sense, these tools try to address. These tools are an attempt at aggregating demand, essentially by putting free money on the table to incentivise firms to work together to incentivise a consolidation of the defence and industrial base, so that you would get fewer platforms and eventually more operability and so on. The degree to which they will succeed remains to be seen, but it is certainly a different approach from that that the Commission followed prior to setting up the European defence fund, which was one of regulation. That never worked because of the national defence exception that, as you say, is largely based on protectionist grounds.

The difference now, and what makes a lot of people, including me, think that this time these initiatives have slightly more promise in them—or peril, depending on your point of view—is that there is significant money behind them: €8 billion in the European defence fund over seven years is €1.2 billion per year, I believe. That is a sizeable budget if you think of it being devoted exclusively to research and development.

**Q8 Gavin Robinson:** That was an interesting response. Professor Chalmers, do you mind if I ask you about the UK's involvement with European defence policy prior to Brexit, to give the Committee an understanding of how much engagement there would have been, from a UK perspective, in wider EU defence initiatives?

**Professor Chalmers:** Of course. It is important to say that the EU's role in relation to defence has evolved quite a bit since Brexit, and continues to evolve, especially this year. If you cast back to the period before the referendum—before Brexit—the UK was a participant, but the scale of EU involvement in defence was rather limited. Perhaps the most significant commitment to single out would be that the UK did provide a commander for the Atalanta counter-piracy task force off Somalia, and that was headquartered in Northwood. As a result of Brexit we had to give up that command and that is now commanded by a Spanish naval commander.

**Q9 Gavin Robinson:** Thank you. Professor Prins, how willing was our





participation in initiatives like the one just referred to?

**Professor Prins:** The settled view of Her Majesty's Government, throughout our membership of the European Union, was that by every means we sought to frustrate the creation of any form of European defence co-operation, and because the Foreign Office is quite adept we were largely successful in this.

During that period there were no military headquarters. The example that Malcolm mentions is very apt because Gerald Howarth—who was involved as the relevant Minister at that time, and with whom I discussed his decision about how the Ocean Shield NATO operation and the Atalanta operation came to be established in this way—used it as a means of deflecting from the creation of a European Union headquarters.

Just as a matter of fact, what happened was that Ocean Shield, which was the NATO-commanded operation, which was commanded by General Buster Howes—a very distinguished Royal Marine who later became Commandant General of the Royal Marines—became double hatted for the so-called Operation Atalanta. Essentially, Operation Atalanta was a sort of decal that was stuck onto the back of NATO ships.

During that period when we were still members, these things largely did not proceed. However, during that period there were active plans to create what has now happened since we left. Malcolm may remember that on 13 March 2018 at RUSI he interviewed Nathalie Tocci. I went back and had a look, and you were quite surprised, Malcolm, at the spouting series of acronyms that she revealed. That turned into the military planning and command organ that later became the basis of this plan, which even has a shield and stars and all the rest of it. This did not spring like Athena from the head of Zeus; it was all fully planned. Once we left, then quite correctly, as has been said, the EU decided to try to push forward in its own way.

We had tried to frustrate it during that period. What happened after we left—Members may be surprised to know and we may come to this—is something completely extraordinary, which is we then became intimately involved, to our great peril, and we only just by the skin of our teeth managed to avoid serious compromise of the integrity of British armed forces after we had left the European Union.

Q10 **Chair:** Can you give us a date for that?

**Professor Prins:** Yes, I can—for when this began?

**Chair:** When the moment of truth came, as you have just described.

**Professor Prins:** The moment of truth came on 14 November 2019.

**Chair:** I want to identify which Administration it was.





**Professor Prins:** This was under Mrs May's Government. The red colour is perhaps just all you need to know. They indicate adhesions to elements of EU defence activities that the then Minister, Alan Duncan, made. They were respectively, the European defence fund, the industrial programme, the CDSP defence policy, the defence agency, the defence co-ordination card and the military command centre or MPCC. The only thing he did not sign up the UK to was PESCO.

However, I am happy to be able to tell you that this diagram with all that red all over it is not the present situation, because when the Johnson Government came in, under Lord Frost, the Johnson withdrawal agreement reversed the clauses that were built into the May withdrawal agreement, which would have landed us fully subordinate—and please understand—not just to defence control but to the European Court of Justice and all the whole nine yards.

Q11 **Chair:** Can I ask you a question on that? Are you saying that we are on the brink of going back to what we were previously talking about in 2019? Or do you say that we are still sticking to the arrangements, which you described, under the Johnson Administration?

**Professor Prins:** Alas, Mr Chairman, I wish that I could say that we had stuck to that, but we have just adhered to military mobility, as Malcolm mentioned. Military mobility is not as drastic in terms of red ink as Alan Duncan, but it is what I would describe as a "bait and hook" operation. This is the normal way in which the EU operates. It provides in the case of military mobility—perhaps you want me to stop because you may want to go on to a specific question on that. I will just say very briefly on military mobility that you find an entirely inoffensive part of the documentation—which nobody could disagree with—which is the bait, and then you find the hook, which is: "There shall be an administrative agreement". The administrative agreement then opens the way for subordination to other parts of the European political command structure.

**Chair:** Thank you.

Q12 **Gavin Robinson:** Chair, I think it would be helpful if the documents that have been shown visually in the evidence session were shared afterwards.

**Professor Prins:** I am happy to submit a full dossier afterwards, Mr Robinson.

**Gavin Robinson:** I think Professor Chalmers was gesticulating there.

**Professor Chalmers:** Perhaps I could add something and gently disagree with Gwythian, as he anticipated. I have many conversations with European counterparts in countries that are both in the European Union and NATO, and almost all EU members will be in NATO with the accession of Sweden and Finland. Although there may be one or two exceptions, the vast majority of those countries see NATO as a primary means through which they organise collective security. After all, that is why



Sweden and Finland, who are longstanding EU members, were so keen to join NATO. Very few of them would see their national defence policies as being subordinate to anyone, and certainly not to the European Union, or to the United States, for that matter. They are as proudly independent as we are.

Even more so in this crisis, what we have seen is co-operation between the EU and NATO intensifying, to the extent there is a blockage. It is more about Greece-Turkey relations than anything else. Other than that, the people in the EU and NATO are very committed to that. That is not because NATO wants the EU to be the supreme body for European defence—not at all; the vast majority of EU member states don't want that either. It is a much more pragmatic thing. The primary role of the EU in relation to this crisis is in relation to instruments, for which NATO is not well suited: for example, the organisation of sanctions, on which there has been rather close co-operation between the UK, the EU and the US in terms of the sanctions' regime in relation to Russia—the sanctions are very much an EU competence—and increasingly the provision of humanitarian aid, and not only development aid but military aid. The EU has, to me, played quite a surprisingly large role in mobilising finance from the EU budget. Luigi has already mentioned the European peace fund, but we have now had the ammunition agreement a few weeks ago.

From the national capitals' point of view—I also think in this country, but certainly from the point of view of countries that are both in the EU and NATO—they are determined to safeguard their sovereignty, but they see the EU and NATO as interlocking and interdependent, and not in any way leading to a supranational defence structure, so far.

**Q13 Chair:** We have quite a distinct approach from both of you, which is in some disagreement—we can leave it at that. If I come on to Mr Scazzieri, perhaps he can throw his opinions at us and we will see what we get from there.

**Luigi Scazzieri:** I am essentially in full agreement with Malcolm. During the Brexit period there were several phases of the UK wanting to engage or not engage with the EU. Essentially, the May Government sought fairly close association to EU tools; later on, because the EU did not want to be closely associated, the Johnson Government changed its approach. Now the UK is left in a position where it is essentially excluded from all EU defence initiatives aside from military mobility, which is the most pragmatic of all EU initiatives. As I said before, it is the lynchpin of EU-NATO co-operation.

It is also backed by EU money that is being poured into improving infrastructure and making it more resistant and more apt to carry military equipment. It is also about EU initiatives to ease regulation on the moving of military equipment and so on.

More broadly, to reiterate Malcolm's point, I truly do not see this as being something that goes towards a supranational effort where member states



end up giving up their defence policies and it all becomes merged into a new policy. This is intensely practical, in terms of aim, and legally speaking the member states remain very clearly in charge.

The exception to that is the European defence fund which, as I said, is an industrial policy tool, so that relates to the internal market. It is not something in which the UK is involved and not something in which the UK can be involved on current terms, as far as the EU's rules are currently set. However, it is something in which I know that there is a substantial appetite to be involved from some quarters in the UK because of a concern—which I am sure that we might expand on later on—that over time it will lead to a restructuring of the EU defence industry and to UK firms being locked out of that. That is something that I think is worth looking at.

One final note on military mobility is that you have the US and Canada as well, so not only are European countries concerned about their loss of sovereignty by participating in this but so is the United States. I would warrant that they have very strong red lines about—

**Professor Prins:** What has just been said is not correct. These are chalk and cheese. The relationships with the United States and Canada are completely different. They are not based on administrative agreements.

**Chair:** Point noted. I would like to throw in another thought. Without going into detail about the countries concerned—which are in my mind—I do recall that when wars begin, if they sadly do, the question is: who puts in the initiative? Who provides the facilities for ensuring that something as important as war is dealt with properly from within the state or the structure that is engaged in that process in terms of defence? I seem to recall that on one occasion one country provided television sets as their first initiative. That may have just been a bit of tittle-tattle in the newspapers—I don't know. Another was that ammunition was not being supplied from the particular country in question. Then, more recently, the question of the provision of helmets rather than the idea that we would actually engage in a serious response, for example, to the Ukraine situation, which has now engulfed the whole of Europe.

I just thought I would put that into context because it is one thing to say you have a series of co-operative operations going on, but of course, when it gets to something as serious as war, you have to know what you are going to do. You have to have a strategic objective and you have to have a command and control system.

Q14 **Craig Mackinlay:** We are discussing that whole concept of two different structures. We are all familiar with the NATO structure; it has been with us a long while and a lot of people are involved with it. How realistically does that mesh in with the structures that the EU has created or is trying to create? It is nice to have some contrary views. Professor Chalmers, what is your view of the reality of the relationship between NATO and the EU structures that are in progress? The Ukraine war has changed things a



bit.

**Professor Chalmers:** As I said earlier, the war has brought NATO and the European Union closer together. I think it has reinforced the value of the Atlantic alliance for European countries. Almost all European countries, in NATO and the EU, would not have been as successful as they have been in holding back Russia if the United States had not been heavily involved, so that has reinforced the value of that alliance.

In some areas, which I have mentioned already, the EU has a particular role that NATO cannot fulfil, and NATO itself has its problems. There are divisions within NATO. It is an inter-governmental organisation, so for NATO to make decisions, Hungary and Turkey and everybody else has to sign up to them as well. There has been an evolution of other mechanisms in the European security architecture that are not NATO or the European Union. The joint expeditionary force, which the UK leads, is an incredibly useful thing, especially in relation to hybrid threats. It has played an important role.

Linked to that is the international fund on Ukraine, which involves most JEF countries and is outside the NATO framework. The defence donors' group is not in the NATO framework because the United States does not want it to be there. It is not in the EU framework. I am saying that to see the issue only as NATO and the EU maybe understates the complexity. It makes Gwythian's diagram even more puzzling.

The other observation I would make is that the Chair is absolutely right to point to the very weak responses from some European countries at the beginning of this crisis, as they came to terms with the enormity of what happened, which they had not anticipated.

**Chair:** It is all pretty obvious at the beginning.

**Professor Chalmers:** I think the UK anticipated what was happening. We have had a long engagement with training Ukrainian forces, going all the way back to 2014. Even very senior Ukrainians found it hard to believe, until the last couple of weeks, what was going to happen.

Since then, there has been quite a remarkable change, not least in Germany. Germany is now providing a level of lethal military assistance that, in value terms, is pretty comparable with ours. We are the two biggest suppliers of military assistance and they are going to spend more. President Zelensky's recent tour of Italy, France, Germany and the UK recognised the way in which the major west European powers are belatedly—but they are now—starting to step up to the plate.

Importantly, all those decisions to step up to the plate are decisions made at a national level. The German transformation and now the German upcoming national security strategy are national. They are not Franco-German. They are not EU. They are not NATO. They are national



## HOUSE OF COMMONS

decisions. Our integrated review is national, as is the French long-term defence plan—every one of these is national.

Q15 **Craig Mackinlay:** Could I try to explain one of your very complicated charts?

**Professor Prins:** Yes.

**Craig Mackinlay:** Let me lay out how I see this. You have Five Eyes, which is completely different. We have data sharing and there is a data sharing agreement—we will probably talk about that later—with the EU, but that will not have everything because there is the super special stuff that Five Eyes will be sharing with each other. You have the odd non-NATO neutral countries within the EU, which would be Austria, Republic of Ireland, Malta and Cyprus. If there is an article 5 NATO attack on Austria, I don't know what happens. What happens with that? Does the EU get involved? You have the oddity of the Greece-Turkey ongoing friction—I will leave it at that. Then you have the joint expeditionary force and, as you have described, you have single countries stepping up outside of any other structure to help Ukraine more than others.

Just to help you, Professor Prins, you seem to be describing that single countries like a single army. It seems to me that the EU, thinking of itself in terms of a body—a country in itself—is trying to acquire those facets of having an army under a single control with single procurement and that type of development. That is just how I see things at the moment. It is a real muddle and mess when you overlay other international relationships.

**Professor Prins:** Can I try to help?

**Craig Mackinlay:** If you can help I will be very, very appreciative.

**Professor Prins:** Let me just try to preface it by way of setting context. Malcolm, in his distinguished job, talks a great deal with Europeans. I am not that parochial. I am half Dutch, and I was the first senior visiting English professor at the Ecole Spéciale Militaire de St Cyr—I went to school in France and I speak fluent French as well—so I am not entirely a country hick.

In Brussels, as Luigi will know, we have a saying: “Il n'y a que texte”—it is only real if it is in text. Let us, then, look at the text. Here is the joint declaration on EU-NATO co-operation of 10 January 2023. This is a classic bait and hook document. When you look at it, clauses 1 to 7 are entirely acceptable to anyone; an entirely clear statement of the geo-strategic crisis that we all face, which you, Chair, just sketched out. Then 8 to 13 presents, step by step, an illusion, which is that the European Union's defence identity is in some sense to be regarded on a par with NATO, which is it not.

What do we know from history? We know that, from the attack on Ukraine, the position of the NATO structures was that they were supportive of nation states. Why? Because it is an inter-state alliance.



## HOUSE OF COMMONS

That is how it works because that is where legitimacy and sovereignty lies. As for the European Union structures, infused with large amounts of money—as Luigi reminded us—they were to all intents and purposes catatonic. They did the square root of nothing during the crucial phase.

I am sure it is known to everybody in this room that it was one country, and one country only, which by virtue of the fact that it had just recovered its sovereignty, was able to take actions during late January and early February 2022 to effect the supply of the now-celebrated NLAW, manufactured in Belfast, to the Ukrainians, which permitted them to stop the blitzkrieg by day six. Talking to the Ukrainians, as I do, it is quite clear to them that had they not had them the special forces attack on Hostomel would not have been defeated. The tank column of the Chechens, which was blown off the road, would have succeeded with its identification cards in a decapitation strike. We were able to do that as a sovereign country.

Malcolm and I are entirely *ad idem* when it comes to talking about things like, for example, the Anglo-Dutch marine co-operation, which is celebrating its 45th year as one of the most successful co-operations, but the whole point about that is that it operates successfully because there is a shared culture and because it has nothing to do with any of these structures. These structures that we are talking about are, frankly, pebbles in the shoe. They are distractions and they become strategically significant.

When we are not at war we could say, perhaps a little bit cynically, that it is pleasant games in the sandpit for the children. This is no longer in the sandpit. This is serious stuff. Let me be specific on the interpositions that are being attempted. On the shell-supply ambition, which has been mentioned—I will then mention another one—when you go into the text you discover that it is, of course, intended to obnoxiously cut this country, as a third country, out of the primary role in supply that we have played earlier on. Why? For the benefit of the French arms industry. This is not a great surprise. It is protectionist. Think of it in terms of the common agricultural policy—that is the DNA of this sort of arrangement.

As to PESCO itself, there is an extremely useful document, to which I refer you and which you can get yourselves. It is research briefing 9058 from the House of Commons Library. This shows you what adhering to PESCO actually involves. I am sorry to say when James Heappey was asked a question about this on the floor of the House he gave an answer that was emollient. He said on 12 January of this year: “Joining the project would not in any way effect the UK’s sovereign control over defence, obligate us to adopt EU defence policy, or participate in other projects.” I am sorry to say that is simply inconsistent with the facts, which you will find in this House of Commons’ document.

There are nine steps involved in adhesion to PESCO projects and they are quite astonishing. I will just read you a couple of them. I don’t want to





take too much time; you can read them later. A third-party state “must share the values on which the EU is founded. It must not contravene the security and defence interests of the EU and its member states. A state must have a political dialogue with the EU, which covers defence and security aspects when it participates in a PESCO project.” There are nine of these steps and they are comprehensive. It is a net.

Military mobility is an exception, because the military mobility agreement, as I am sure Luigi will know, and so will Malcolm, is framed rather differently. It is an emollient document and another bait and hook. This document from 15 November 2022 says: “In Council Decision 2022/2244, EU Ministers confirmed...the UK’s participation” as a “third party involvement in” this individual project, and because it “does not involve...research, development or procurement...the UK will not be required to agree a separate administrative agreement with the EDA”—the European Defence Agency—nor, because it is not focused on military equipment, will the general conditions of subscribing to CARD—which is the capability development plan and the co-ordinated annual review of defence—apply.

This has been widely misrepresented, because it has been presented as saying, “This makes this entirely harmless,” as James obviously had been briefed by his officials. With respect, on the facts that is actually not so because, when you look in the House of Commons’ document, you come at the end to the hook, which is in the House of Commons document, under “Next Steps”: “the participating member will proceed to negotiate an administrative agreement”. The administrative agreement is the hook that then leads you in further. That, Mr Chairman—then I will cease—is precisely what the United States and Canada refused to do, which is why it is wrong to argue that this can be used as a sign of comfort as to why this is something safe for us to do.

**Chair:** If I can just come in because we are running a bit short of time.

**Craig Mackinlay:** I am sorry, I have plenty to say but I will hold back.

**Chair:** We have to try to accelerate somewhat. The devil is of course in the detail and I am grateful to you, Professor Prins, for you giving us some of the detail that can be looked at.

**Professor Prins:** I will lift up to a higher level, Mr Chairman, in order to speed forward.

**Chair:** I can see that a significant difference of opinion is taking place here: one is that this is an infringement of sovereignty and the other that it is not. That is something that we are going to consider when we come to our report.

Q16 **Margaret Ferrier:** For the purposes of those at home, we have mentioned PESCO, but what is PESCO and what makes it potentially unique among the defence co-operation tools at the EU’s disposal,





Professor Chalmers?

**Professor Chalmers:** We have begun to cover this already. PESCO is designed to be a rather more flexible arrangement than the EDA and EDF. Each particular PESCO programme has a different group of countries involved in it. It is primarily EU member states but, as we have already indicated, non-EU member states can be involved in particular projects. It is designed to encourage co-operation primarily on procurement between European states.

I have to say that the history of promoting defence and industrial co-operation between European states is a long but not entirely distinguished one because it is very difficult—for the reasons that your colleague gave earlier—because a large number of countries are protective of the national industrial interests of those countries. The EU decided to get involved in this game, having seen others fail.

I think what the EU brings that many of the other initiatives, including those under NATO, have not brought is a financial incentive to encourage co-operation. Whether that is any more successful than previous initiatives remains to be seen. It is harder in many ways to promote defence industrial co-operation in an EU context, because the United Kingdom is not in the EU and it is not going to take part in these joint procurement initiatives through the EU, and it is one of the two biggest equipment procurers in Europe, and also because the United States is out. That debate it is a classic example of the longstanding tension between delivering operational military capability on the one hand and delivering national industrial objectives on the other.

The last thing—picking up something that Gwythian said—is that it is the case that for most of those PESCO projects the rules say that a third party would have to sign an administrative arrangement with the European Defence Agency. The most recent signatory of such an arrangement was the US Department of Defence, which signed such an arrangement with the EDA on 26 April 2023. That is quite a significant development. I don't know why it is the Pentagon signing it rather than the State Department.

If you look at the text of that American EDA administrative arrangement, it is precisely what the title suggests. It is an arrangement for how you have a dialogue. It is no more than that. For example, it is about how you deal with secure information, because if you have a defence dialogue about equipment needs between the US and the EDA or, indeed, PESCO members, you have to share sensitive information. Having a means of coming to that agreement, and ensuring the security of information exchange, is of course an important part of that administrative arrangement.

Q17 **Margaret Ferrier:** Dr Scazzieri, do you have a comment?



## HOUSE OF COMMONS

**Luigi Scazzieri:** Yes, very briefly. As Malcolm brought up, the US has one, Canada had one, Ukraine had one and Serbia had one, so they are fairly common for a range of states, some of which have a closer relationship to the EU than others.

I am very interested in something that was said earlier. On the decision to supply shells and whether it represents an instance of protectionism, I think it can easily be read as such, and that is partly why I think the development of these new industrial tools is of such interest to the UK. From a UK perspective, in a worst-case scenario where these tools were to grow in size and to pay off from the perspective of the EU, UK industry might find itself shut out of them. At the same time, the UK might find it harder to co-operate in the development of defence capabilities with its European partners. The ultimate aim of European involvement in the defence capability space is to develop an EU-wide defence market with a much more competitive and self-sufficient defence industrial base. As things stand, the UK is completely out of that, which has its disadvantages—

**Professor Prins:** And advantages.

**Luigi Scazzieri:** Yes, that may be for some. On the conditions for PESCO that were read out, I would just say that most of them are basically aimed at having a reason to shut Turkey out—for Greece to wave them in front of Turkey and say, “We definitely can’t have you in because you don’t have friendly relations with us” and so on. I will stop there.

**Chair:** We are going to have to move a bit faster.

Q18 **Mr David Jones:** I will start with Dr Scazzieri again. In 2017, the Secretary General of NATO, Jens Stoltenberg, said that PESCO could strengthen European defence. What added value does PESCO provide for the continent’s military capabilities, bearing in mind that most EU member states are also NATO members?

**Luigi Scazzieri:** I think it is worth briefly referring to the two-layer structure of PESCO, which I don’t think has been referred to. There is a layer made up of promises of member states to essentially spend more on defence, spend more co-operatively and spend more on R&D. This has had an extremely limited impact so far. To the degree that defence spending has been raised since the setting up of PESCO, this is due to growing threat perceptions and, indeed, from the invasion of Ukraine since last February.

The project layer is much more interesting: 60 projects, most of them about capabilities, although you could say that some of them, such as military mobility, are more in a hybrid space. To see the real potential, one has to stand back and see PESCO as one of the tools that the EU is setting up in the defence capability space. What I mean is that, given that the money from the European defence fund is essentially free money



## HOUSE OF COMMONS

for defence firms, there is a huge incentive to put research projects within the European defence fund to get projects from it.

Then there is a bonus system that links permanent structure co-operation and the European defence fund, whereby a project that is a PESCO project gets a bonus from the European defence fund. That obviously creates an incentive to put all co-operative projects into PESCO. Then we get to the new tools that are currently being developed, called EDIRPA and EDIP, which are about pouring EU money into essentially encouraging member states to jointly acquire defence capabilities. If you follow this from the beginning to the end, you can have EU money being poured in at all the decisive stages. If PESCO does have value, its value is to be found in the way it links to these other tools.

**Professor Chalmers:** I am not sure that I can add very much more to what Luigi has said. I think it is very clear.

**Professor Prins:** What does it add? The contribution is entirely negative. It is a distraction because it is a duplication of resources and energy at a time of war, which should be devoted 100% either to national initiatives or to NATO, now that we are in grey war.

May I make a point more strongly, Ms Ferrier? I did not have a chance to respond to your question. Before you sign anything to do with PESCO, I would suggest that you need to understand every aspect of this diagram intimately. It is rather like any sort of contract. Nobody on this Committee would sign a contract unless they understood exactly what it meant.

When you look into that, you will discover, for example, that there are EU space capabilities but, much more importantly, there is an EU intelligence centre. That tells a long story because part of the near-death experience we had during Mrs May's administration was that had those adhesions made by Alan Duncan stuck, it would have been a mortal threat to our position within Five Eyes. Our Five Eyes partners would never have trusted us again because we would have signed up to agreements that were routine to allow European nations who are our neighbours but who we do not trust, like Germany and France, into the areas from which they are normally excluded. Fortunately, that is not the position.

PESCO adds nothing. It is a very simple point and it adds nothing for another fundamental reason. I mentioned three or four at the beginning in my opening statement, Mr Chairman. The other one is: do remember that everything is attached to everything else. The European defence fund is central, not just for the reasons that Deep Throat told the investigative journalists in Watergate: "Follow the money". It is not free money, with all due respect to Luigi; it comes from somebody. It is money that is having an opportunity cost because it has gone there instead of going somewhere else.



So what you have is an entirely unnecessary ramified and mind-boggling sort of Laocoön fighting with the serpents that are surrounding it, if you know the famous statue. Really, a country like this has no need to have anything to do with it. We are an independent country. We are a tier 1 power. We need none of this and NATO is—I freely will state on the record—delinquent in having allowed itself to be suckered into that bait and hook document of the joint agreement.

This may be partly because unfortunately we have people inside NATO like, for example, Mr Angus Lapsley, who is our most senior civil servant serving in NATO at the moment, as the assistant Secretary General for planning and policy. I am sure his record is well known to everybody here. It is a long record and a highly political record. Many of us still remain extremely puzzled as to why he was never charged under section 8 of the Official Secrets Act for the loss of secret documents. He has a passionate commitment, from the time that he was actually writing these very documents within the EU, and he is now in the position to write the incorporation of NATO into these structures. It is a very worrying situation.

**Professor Chalmers:** It is entirely legitimate for us in this country to have a discussion about whether or not and in what ways to engage as a third party with EU structures. I think we also have to accept that EU countries have the sovereign right to decide for themselves how to co-operate with each other. These are many of our most important NATO allies, who are absolutely critical for the confrontation with Ukraine, so I do not think it would be wise for the UK from the sidelines to criticise in a strong way how our allies freely choose to co-operate with each other. The most important thing is for us to co-operate together, as we have done in a remarkable way over the last year.

**Professor Prins:** Malcolm, with strong allies we could have strong disagreements—that is the nature of close relationships—and we do. We have, for example, with the Dutch or the Danes, or now with the Scandinavians, and we warn them, because they are very new to this world and they take things at face value. What I am telling this Committee is don't take any of this at face value, because there is always a hidden agenda.

Q19 **Mr David Jones:** Does PESCO have the potential, adversely or positively to affect the defence autonomy of the United Kingdom?

**Professor Prins:** It certainly does, if we allow ourselves to be drawn further down the road, which we could now be drawn, through having signed an administrative agreement. I need just to make a small aside about the American signature. We must not go into the discussion of the constitutional arrangements of the United States, but the signature made by the Pentagon, because of the way that the United States legislature works, is a meaningless thing until it has gone through the relevant committees and has been approved, in a way that unfortunately none of these things have gone through our Parliament.



## HOUSE OF COMMONS

Q20 **Mr David Jones:** I was going to come to that point later but now that you have raised it perhaps you could comment on that. How has Parliament approved this?

**Professor Prins:** It is an extraordinary thing, Mr Jones, because—and I have looked back in the record—all of this stuff has gone through without parliamentary scrutiny.

**Mr David Jones:** No scrutiny at all?

**Professor Prins:** No, without parliamentary scrutiny or indeed parliamentary vote.

**Mr David Jones:** Until now.

**Professor Prins:** Until now and your Committee—this is the importance of this inquiry, if I may say. I stand to be corrected, but I believe this is the first occasion that an authoritative body of the House has paid attention to the manner under which these adhesions have been made. They have slipped through on assurance, usually from officials—perhaps that is how James made his statement in the House. That is perfectly legitimate. James is a very capable and knowledgeable Minister because, after all, he has a strong military background. It is legitimate for Ministers to expect that they should be able to trust their officials. Perhaps the officials themselves don't understand the metro diagram either—certainly the ones that I talk to do not.

Q21 **Chair:** We are getting very close, if I may say—we have to be a bit careful about how we approach this. We do have rules in the House of Commons, and the words maybe somewhat reminiscent of the words used in recent inquiries, which includes the rubric "misleads or knowingly misleads". That raises a lot of very deep questions in relation to contempt of Parliament and things of that kind.

**Professor Prins:** I am not touching any of those areas, Mr Chairman.

**Chair:** No, but I am simply making the point that we do have to be aware that statements are sometimes made on the floor of the House that can be just erroneous and can be rectified. There are others where a person may or may not get themselves drawn into answering questions on the basis of advice they have received, which can be construed as them knowingly misleading but, in fact—in practice—they simply weren't in the position to be able to dispute the points that were made to them by the civil servants. I think we will leave it at that point.

**Professor Prins:** The latter point, of course, is the case here. I have had the honour of working with James. I have been part of the defence opinion leader's group over Ukraine and I am sure that he is an honourable man who would trust, as he has every right and expectation to do, what he is told. It just happens that I believe even on the evidence of the House of Commons library that that is misleading.

Q22 **Mr David Jones:** To return to the point I was pursuing, is it the case



that the United Kingdom's accession to the military mobility element of PESCO has been carried under royal prerogative? In other words, how have we actually joined it?

**Professor Prins:** We have joined it by making an application last year, which was approved by council decision 2022/2244. That was presumably made as an administrative action, but the crucial thing is that it states that the UK will formally join on a date specified in an administrative agreement, and that administrative agreement—correct me if I am wrong—has not yet been drafted or signed.

Q23 **Mr David Jones:** Presumably the authority of Parliament would be required.

**Professor Prins:** I would expect so, Mr Jones. I would hope so.

**Mr David Jones:** In a statutory instrument or whatever. What would you say, Professor Chalmers?

**Professor Chalmers:** I bow to your expertise in terms of the parliamentary authority, but my understanding is UK involvement in the military mobility project has already started.

Q24 **Mr David Jones:** Are you aware, Professor Chalmers, of any parliamentary scrutiny?

**Professor Chalmers:** I am not aware of that.

Q25 **Mr David Jones:** This is the first occasion that this has been subject to such—

**Professor Chalmers:** I don't know whether it is but I am not aware—

**Mr David Jones:** As far as you are aware?

**Professor Chalmers:** Yes.

**Chair:** I think your distinction in your respective roles suggests to me that you would know the answer to that question, so we will take that as read.

**Mr David Jones:** I think this is domestic, Dr Scazzieri, so I am sure you will forgive me if I do not ask you about it. Thank you very much.

Q26 **Greg Smith:** Good afternoon, gentlemen. At the start you touched briefly on the fact that there are other EU initiatives alongside PESCO, the two of particular interest being the EDIRPA and the European defence fund. Could you please explain to us, Dr Scazzieri, what is the European Defence Industry Reinforcement Through Common Procurement Act? Should funds only be available to EU-based companies? The obvious knock-on question to that is: what implication does that have for the wider NATO alliance member states that are not EU member states?

**Luigi Scazzieri:** EDIRPA is an initiative that was essentially announced after the invasion of Ukraine. It is worth €500 million and its aim is to





contribute to the refilling of stocks of weapons that have been donated to Ukraine. It is essentially stuck at the moment because the member states decided on a position, then the Parliament took a while to decide on its position, so essentially for its original purposes—it will have to be repurposed because it is not going to be refilling urgent needs.

It is a significant to the degree that it sets a precedent for the follow-on longer-term programme with the same purpose—namely, the European defence industrial programme. There, as in the European defence fund, there are very strict rules on the participation of third countries and third-country firms, which make participation extremely unappealing to the UK at the moment. The particularly relevant rules are essentially that any intellectual property developed within the project, in the case of the EDF, has to remain in the EU and cannot be extract, and that any product cannot be subject to the export controls of a third country, which is again unacceptable to the UK because it would be waiving what is an essential right, even though it is not necessarily exercised particularly often.

For all these tools, essentially the conditions for third-country involvement as things stand are those. That is why there is a lot of concern among certain third countries that they are essentially protectionist tools and that they will have a negative impact for broader alliance considerations. But the important thing to remember is that the heart of this, the legal basis of these tools is industrial policy and therefore their aim is to strengthen the EU defence industrial base. That explains the more restrictive approach to third countries.

I am happy to say a few brief words about the EDF. That is obviously the most significant so far, partly because it is the only one that actually exists already. As I said, the amount of money in it is quite significant in terms of being devoted to research and development, and being able to fund 100% of research activities and 20% to 30% of developing of prototypes. I agree that it is not free money for the countries to give but it is free money for firms to get, so that is the relevant incentive from their perspective.

In terms of projects that have been funded, they are really all across the capability spectrum, with perhaps a slight emphasis at the moment on naval and air. On the work programme for 2022, the awards are under consideration, and the one for 2023 has just been released. I think, in order to evaluate what comes of the EDF, we will have to wait a few more years, but there is certainly a lot of money going in.

**Q27** **Greg Smith:** This is perhaps a slightly unfair question and one that you might have to look at the detail on and perhaps write to the Committee afterwards. On the point you were making earlier about intellectual property remaining within the EU, how would a defence company based in Northern Ireland fare under that, given the rather odd status Northern Ireland has, both under the original protocol and now the Windsor Framework, where the EU still consider it very much part of their





jurisdiction, and there are these peculiar rules for items manufactured in Northern Ireland and where they might then go more easily into the single market than they can into GB? Where would a Northern Ireland-based defence contractor sit within that?

**Luigi Scazzieri:** It is a very interesting question but, as you suggested, I am not in a position to answer it. I am sorry.

**Greg Smith:** Perhaps I can give that as the opener to either Professor Chalmers or Professor Prins, before coming to the wider points.

**Professor Chalmers:** You go first, Gwythian.

**Professor Prins:** I would be delighted to. PESCO as a political project is essentially a snare. You need to understand it in exactly the same way that you think about the Northern Ireland protocol, the fisheries deal or, indeed, the fortunately aborted attempt to weaponise Gibraltar by an errant ambassador who was quite rightly carpeted by Mr Dominic Raab. These things are always trying to hoick the UK back under subordination.

The summary that Luigi gave was absolutely correct, but omitted one very important detail, which is subscription to activities funded through either the industrial programmes or indeed the EDF itself—which is, in a sense, at the hub of all this interrelated network—involves acceptance that the European Court of Justice is the final adjudicating body. From our point of view, as an independent state, that is unacceptable.

Looked at most particularly from north of border, we now find ourselves in the fortunate position that as we move with a quite strong tilt back to our military posture, and that is conforming with a global British outlook—that is to say with a strong emphasis on a naval programme going forward—we will be able, without difficulty, to build ships in Scotland, so long as the Scottish yards can come up to the standards. That we could not do if we took money from an organisation which, just to give you an arresting image—you all know the story from childhood—is a little bit like the tar baby. This money is sticky. If you touch it, you find yourself unable then to detach yourself from all of these other ramified things because, as I said earlier, everything is linked to everything else with the adjudication of the European Court of Justice as an inseparable part of the conditions.

Q28 **Chair:** You sighed there, Professor Chalmers; can you please explain why?

**Professor Chalmers:** It is possible to construct a very interesting story of the sort that Gwythian has around snares and traps and other European countries being naive in this respect, but I think it comes back to what I said earlier: we have made our own judgment in the UK in terms of our position, quite rightly, because we are a sovereign state, but other European countries also do that, and make different judgments. Certainly my experience of experienced political leaders as well as officials in many of our closest allies is that they ask the same questions



but come to different answers, and they are quite legitimate in doing so. We need to be a little bit careful about not being patronising towards some of our European allies.

Can I just add to what Gwythian said about the European defence fund? It is most unlikely that the UK will ever accept money or should ever accept money from the European defence fund, for the reasons Gwythian gave. The decision-making mechanism for those funds is based on funding from the European Commission's own budget. It is because it comes from the Commission's budget that the decision-making processes are supranational, and we are not part of the EU so we would have no vote and we would have to make a financial contribution to do so.

That does not mean that you cannot imagine scenarios in which, if the proper protections were put in place in relation to intellectual property and other things, you could not envisage joint UK-EDF projects, because we are a non-member state and we can have that sort of arrangement. The EDF is a reality that we, as a third party, have to take into account. Our close allies think it is useful; to the extent that they think it is useful, we should be prepared to deal with it from our own national interest.

The final thing to mention is that we must not underestimate the importance of the European peace fund. Within days of the invasion of Ukraine, military aid to Ukraine increased to €500 million—I think it is now around €3 billion—and that provides a very significant degree of match funding to national EU contributions to the assistance effort to Ukraine. That is a really important accretion. If you asked me what was the greatest accretion of EU authority in relation to defence in the last two years, it would be the European peace fund and not the other initiatives we have been talking about.

**Q29 Mr Marcus Fysh:** To come back to your suggestion of a joint arrangement between the UK and the EU in terms of participation in joint projects that the EDF might be involved in, is it conceivable that such a joint arrangement might not be subject to the subordination to the EU's governance of the EDF—that is, the European Court of Justice making decisions?

**Professor Chalmers:** From a UK point of view it would have to be the case. We have lots of co-operation with other member states. If we have a joint project between the UK and the US or the UK and France, we are not subordinating to French and American courts. So I do not see why, in principle, that cannot happen.

Under the way in which the EDF is currently constructed, it would not be possible for the UK to have those joint projects, but I do know from my conversations with many people from a range of EU NATO member states that they are frustrated within the EU that the EDF has been designed in the protectionist way we have already discussed. I think it is entirely legitimate to say that we are open to co-operation on defence



procurement with our closest allies, but it needs to be in terms that satisfy our national requirements.

- Q30 **Mr Marcus Fysh:** Dr Scazzieri, you mentioned very interestingly the prior attempts at joint co-operation within the EU on defence industrial policy initiatives of one kind or another, and the way in which maybe they did not work out. Is it fair to say that one reason why they did not work out is that even though there might be rules governing a competitive environment that, when push comes to shove they have not been enforced by the EU on particular member states who have, for one reason or another, chosen to subsidise their own national industries?

**Luigi Scazzieri:** I think that is fair to say. Prior to the establishment of the European defence fund in particular, the EU's involvement was limited to trying to open up defence procurement through regulation, which always met the block of essentially national security exemptions and was therefore unsuccessful, and some very limited funding in terms of dual-use technology and research and development, but much smaller in scale. What these more recent efforts reflect is an attempt to pass to a system of incentives and to try to incentivise co-operation rather than forcing it through legal means.

- Q31 **Mr Marcus Fysh:** Going back to what I asked before about whether it is possible to conceive of some arrangement whereby there is EU governance of one section and then there might be a UK or other international governance of the way the UK might interact with that, is it not at risk of running into exactly the same issues of, effectively, the European Commission not choosing to enforce whatever obligations there are on EU nation state participants or the nation states' resident companies?

**Luigi Scazzieri:** I assume you are referring to the question of UK involvement in EDF. The UK could, by providing a financial contribution, potentially become more closely associated and have a status similar to that of Norway. That would still mean accepting all of the EDF's procedural rules. The advantage would then be that the restrictions on export controls and intellectual property would largely disappear. It would make participation slightly more tempting, but nevertheless potentially that is a decision that the UK Government will make.

One difficulty that perhaps has not been mentioned, which is worth bringing into the fore, is that in the UK we tend to think that often it is enough to make a move and then you will be happy to take the money, but that is not necessarily the case. Partly because these tools are framed as protectionist, there might be a resistance to closer UK involvement in them. I agree with Malcolm that there are many member states who pushed for them to be more open to third countries, but that argument was ultimately lost. I think that now, for at least some time, the structure of these instruments is going to remain as they are.



Where there is more flexibility, and something that I would consider from the Committee's perspective, is in the European peace facility and the way that is now being used not only to help Ukraine financially, in terms of procuring equipment, but in their joint procurement of ammunition. You could see that potentially as only the first step in using money from this much more flexible pot, which is not under the control of the Commission but is an instrument of the member states, to procure more types of equipment. We will have to see how the joint ammunition procurement goes, but that is something that it would certainly be easier for the UK to take part in, because of the lack of supernational involvement.

**Q32 Chair:** Would I not be right in thinking that when you are dealing with something like war and peace and you have a situation where we have what some people describe as a grey war going on in Ukraine, as compared to a hot war, that eventually these structures have to produce a result in military terms and military objectives? It is about whether you win or lose.

The second point that follows from that is that the structures we have been discussing are, to some extent, partly theoretical, but they are also to do with sovereignty as to who decides they are going to commit their blood and treasure to dealing with the outcome that is intended as a result of the engagement. That brings me to my next question, which is the issue of command and control. Who is going to make the decisions if you have this spaghetti operating underneath it, with people saying, "I paid for this" or "I paid for that", yet at the same time confusion can come about in the command-and-control structure if you have too many people engaged in the exercise that is the consequence of this diagram that Professor Prins has provided us with? I present that as a real question.

You cannot just have a theoretical war: you either have a war that is taking place, which you have to deal with, or not. The question is: how do you manage to relate the command and control of what is going on? For example, Eisenhower was given the job of having to be the commander of the entire project for Normandy and the invasion of Germany at that time because it had to be decided there. Could this PESCO arrangement produce conflicts within the different structures that have been described, which could result in chaos?

**Professor Prins:** May I link it to a brief comment to Mr Fysh, because it is direct? There is agreement breaking out across this table. Of course we cannot collaborate, for the reasons that Malcolm said, but there are two points. First, we do of course collaborate. NLAW is a Swedish-British innovation. The Type 31s are based on a Danish frigate design. All of this is entirely normal and natural and it has nothing to do with any of what we are discussing here. We take the advice of the three kings, which is that we go home another way, and you just avoid all of this, and the same applies to command and control.



There is another reason for doing that, which is—if I may be so bold to suggest—that we need to raise our eyes a little. This Committee’s remit is European scrutiny. I would suggest to Members, respectfully, that this is an increasingly small and increasingly withering part of Britain’s foreign policy ambitions. We are now a global power. We are returning to our geopolitical norm before the excursion of the last 40-odd years. The expression of this is that we should therefore look to agreement such as AUKUS, and we should look to the collaborations that we have and are deepening with the Japanese.

The Japanese treaty that has just been signed is the inscription of a return. It is a 100 years return to what is geopolitically a natural alliance between two large offshore islands against two basically hostile continents. The 1903 to 1923 Anglo-Japanese naval treaty, which you will know, is a template. As I had the honour of advising Japanese Government for more than a decade on various matters, I know how thrilled the Japanese are. Everybody on this Committee I am sure will know just what a scale of commitment the Japanese are making and how much they, the Australians and others are relying on us. This, ladies and gentlemen, is our future.

What we have a responsibility to do in this area—I already used the analogy of a stone in the shoe—is we have to make sure that we do not allow this, which is another attempt by the EU to find ways of increasing its centralised federal power. Federal structures always do this sort of thing in history and this one works through a very familiar manner of increasing power when it does not have high legitimacy, which is by creating complication and metro diagrams and committees that nobody understands. That is what we have to avoid.

**Q33 Chair:** That is the question that I wanted answering and I am interested to hear what you say. I would like to hear what Professor Malcolm Chalmers says to that, because we are in a position where there is a complete contrast of view about the value of PESCO. Also, there is the question of sovereignty and of who pays for what and whether it produces a result in the event of war, because you cannot, when you set off on a war, then have arguments going on as to who paid for what and therefore the purchase they have in their individual countries as to whether or not they would like to have a change of strategy or tactics. That is why I asked the command-and-control question. Could you address that please?

**Professor Chalmers:** I certainly can. When Gwythian was speaking, at first I thought I was agreeing with him and I was most disappointed, but then we came on to things with which I fundamentally disagree. His point on UK-Sweden, UK-Denmark procurement co-operation is absolutely right, and you can apply the same argument to UK-Italy or UK-Germany, UK-France, UK-Poland, which is precisely the reason why I think the European defence fund will remain quite limited in scope. For many



European projects they want to involve the UK, so they will not use that fund in order to do so. We are more or less on the same page on that.

On your question about command and control, Chair, it is absolutely right of course. The main decision on whether or not to go to war and how to conduct that war will continue to be made at a national level. To the extent that we do it together, the main framework is the NATO framework. The framework which dates right back to Eisenhower's day and successive American SACEURs—Supreme Allied Commander Europe. That remains in place and I do not think the EU is seeking to produce, and is certainly not capable of producing, an alternative to that.

The area we have been identifying in relation to a growing EU role is in terms of procuring weapons, not using weapons. The question about using weapons—using military force—is one that is primarily national but co-ordinated through NATO. If the political leaders of NATO choose to do so, they can, as they did in world war 2, delegate authority for military decisions to military commanders.

**Q34 Chair:** If the whole thing is subjected to a legal framework, and if what Professor Prins says relating to the role of the Court of Justice were to intervene at any point in these proceedings—I am not talking these proceedings, I am talking about something that is going on in terms of defence taking place across the continent of Europe—would there not be a problem if you had interference from a court in relation to that, if he is correct?

**Professor Chalmers:** I am happy to be corrected but I do not see any role for the European Court of Justice in national decisions on war and peace. I have not seen that suggested before.

**Q35 Mr Marcus Fysh:** Isn't a defence procurement capability a strategic military asset itself?

**Professor Chalmers:** It is, but I think that we need to make a clear distinction, because the Chair was talking about command and control in wartime or preparation for wartime, and you were raising the question about procurement. If you are talking about buying weapons or developing weapons then, yes, the ECJ can get involved in all those arrangements because it is part of that supranational structure, but the EU does not have a competence and is very unlikely to get a competence to get involved in decisions of war and peace. NATO cannot decide to go to war. Nation states go to war, but they can co-ordinate their military effort through the NATO structure, and that is quite right.

**Chair:** We only have another five minutes so we are going to need to move on.

**Professor Prins:** I am going to just flash before you two other joyful things that will be in your goodie bag. Here are all the command structures. They are all written there. Here, in this delightful honeycomb, you see at the bottom EU battle groups controlled by EU council. Of





## HOUSE OF COMMONS

course they exist, and they have been largely Anglo-French and we have had nothing to do with them. We absolutely must not, for the reasons you have hinted at, Mr Chairman.

I would like to introduce a slightly different point and then I will cease. When we were in the existential crisis during Mrs May's period, when it looked as though we were going to find ourselves bizarrely under the thumb of the EU in the military area, in a way that we never were as a member, I, along with Field Marshal the Lord Guthrie and Sir Richard Dearlove, the former chief of the SIS, were sufficiently worried that we felt that the only way to protect this country—I now think that this may still be the only way to protect us, given that this door, through military mobility, may be opened—was the old-fashioned way.

We therefore wrote a draft treaty. This is a treaty between the UK and Northern Ireland and the European Union for defence, security and intelligence co-operation. In such a document, which I will circulate, and which was of course drafted with the help of distinguished legal aid, the field marshal and Sir Richard and I proposed a document that we think it would be safe for this Government to adopt, which would thereby, through treaty, regulate in such a way that all these creeping snakes that crawl through the metro can be always put under control because it will be by clause.

The principle stimulus to this was the threat to our intelligence collaboration within Five Eyes. Sir Richard was extremely mobilised on that, and so am I. It is in a world of war that we are in today, where we know that it is our intelligence capabilities, our alliances in the anglosphere, and now extending into the Pacific, our alliances with Japan, that are now renewing, our alliances in the Middle East with Israel at a time when the American position has crumbled over the last four and a half months—this is the real world and this is the world we have left behind. We have to be very clear in our minds that this is flotsam and jetsam that is hanging over the side of the ship, and it needs to be cut away to make sure that as the ship now sails in quite different waters its passage is not impeded.

I am sorry if that sounds brutal but that is realpolitik. That is the political reality of a world that we have chosen.

Q36 **Chair:** We have arrived at a point where we do not have any more time to ask a lot of the questions we would like to ask but, on the other hand, we are extremely grateful to you for your contribution so far. We do have quite a contrasting view from the various witnesses; that much has become entirely clear. I am going to ask the last question because otherwise we will go past the time allocated to us. To what extent do the UK's integrated review and the EU strategic compass align or diverge in terms of security and defence priorities?

**Professor Chalmers:** That will helpfully highlight another area in which Gwythian and I perhaps put different emphasis. I think they are close and





complementary. They are close and complementary in the sense that they both think that the Russian invasion of Ukraine has reinforced the conclusion that was in the last integrated review that European security—the security of the European continent—is central to UK interests. Of course we have global interests as well, but European security is central. NATO is the central security organisation for the UK in the integrated review; the strategic compass recognises the important role of NATO, but clearly puts more emphasis in EU. So there is some difference in emphasis there.

It is helpful perhaps for you to draw the contrast with Gwythian, whose focus on global perhaps mischaracterises the long history of the UK. In the 20th century we had two world wars and a cold war, all of which had the centrality of our alliances with France and the United States absolutely central to each of those conflicts. Unfortunately, we are not yet at a stage where we can ignore European security and focus only on our global role.

**Professor Prins:** I am a professor of history and, with respect, I am not ignorant of the fact that this country has saved Europe from itself three times since 1800. I am aware that the situation has now drastically changed on the continent and that after the victory of Ukraine, for which we must earnestly hope and work, there will be two of the most formidable land armies on the continent of Europe between us and Russia—that is the Ukrainian and Polish armies. It is entirely correct that we therefore, as we return to our seawards posture from the continental perspective in Sir Michael Howard’s famous contrast, as we do this—

**Chair:** Do you mean Professor Michael Howard?

**Professor Prins:** Yes, Professional Michael Howard—the distinguished professor. As we change from the continental to, again, a seawards perspective, then we realign all the aspects of our capabilities, some of which are the old-fashioned ones that we have to retain and many of which are beyond.

I want to answer your question directly. Here again, perhaps not surprisingly, you will find that Professor Chalmers and I disagree. On these two documents, philosophers would say that it is a category mistake in regarding them as being similar. In more colloquial language, they are chalk and cheese. The ISR is a strategic document—the refreshed ISR that John Bew wrote. The compass is the latest iteration—when you read it, you can see its DNA in the way it is written—of a whole series of documents intended to enforce alignment with Brussels control. It is a further example of Iain Duncan Smith’s correct observation that the EU is always a political union in protectionist guise. Therefore, unsurprisingly, they diverge.

The ISR has a strategic and a defence industrial dimension. As I have already observed, strategically I think we are already well-embarked. AUKUS is going to become the basis of a Pacific NATO, and the CPTPP is



going to become the basis that superannuates or that is a supersession for the superannuated World Trade Organisation, which I think has now run its course. In terms of defence industrial, as I observed, it opens the door for the placement of defence contracts within the UK. As we—in my hope, probably long after I am dead—continue to build out the Royal Navy back to the size that it should have been before it was massacred in the 1910 defence cuts and more recently, it will make it possible for the Scottish yards again to blossom in the way that they used to do to provide the backbone of the security of the nation.

Q37 **Chair:** Now I need to ask Mr Scazzieri if he would be kind enough to comment on that in the light of the history of Europe over the last 100-and-so years.

**Luigi Scazzieri:** Personally, I view the strategic compass and the integrated review as very much aligned. I view the strategic compass as an effort by European nations to get to grips with the much more threatening environment externally that they were faced with, in particular, since 2014 and then in the years that followed unfortunately. In that sense, it tries to sketch out a role for Europe. It pays more attention to the south than the UK integrated reviews—unsurprisingly, given that so many member states have important security interests in the Mediterranean region and beyond.

The main difference, in my view, is in how they view the EU, unsurprisingly—namely, the original integrated review essentially does not engage with the EU very much. I must say that the refresh this year did so much more comprehensively. The strategic compass sets out a role for the EU as an enabler—I choose that word very carefully—of European security, not an actor that in any way aims to supplant NATO, because there is absolutely no consensus among member states to do that because most of them see NATO as the bedrock of their security and the only organisation that can underwrite deterrents against Russia.

The EU is an entity that provides money to fund capability development and that provides money to help countries like Ukraine resist aggression and also countries along the EU's periphery to train up their armed forces and so on.

Finally, on the degree that it has an operational role in areas where NATO is not interested, we started this discussion by discussing EU military operations and the EU's ambitions have not grown much in that sense. It is quite instructive to see how the battle groups have never been used and now the EU would like to enhance them. That is a part of the compass that is essentially making very slow progress. The compass tasked the EU as an enabler of European security and I think that is the role of the EU for the foreseeable future. I do not see any other role, to be quite frank.

**Chair:** As this is a United Kingdom Select Committee, we are obviously looking primarily at our national interests and our sovereignty in this



## HOUSE OF COMMONS

context. All three of you have given us an analyses of the contrast between those who believe that PESCO is a good idea in our national interest and those who have quite clearly indicated that they think it is not a good idea. We will go away and think about this, but we will also no doubt consult with others as well. Thank you very much. I have now to bring the meeting to a close.