



Select Committee on the European Union

Security and Justice Sub-Committee

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

Tuesday 1 December 2020

9.45 am

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

Evidence Session No. 2

Virtual Proceeding

Questions 30 - 47

Witnesses

I: Baroness Goldie DL, Minister of State, Ministry of Defence; Daniel Drake, Head of Euro-Atlantic Security Policy Unit; Daniel Smith, Assistant Head of Euro-Atlantic Security Policy Unit.

USE OF THE TRANSCRIPT

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

Examination of witnesses

Baroness Goldie, Daniel Drake and Daniel Smith.

Q30 The Chair: A very warm welcome to the EU Security and Justice Committee, meeting in public evidence session with Baroness Goldie, the Minister of State from the Ministry of Defence, and two of her officials, Daniel Drake and Daniel Smith, head and deputy head respectively of the Euro-Atlantic security policy unit. You are very welcome indeed, Minister. Thank you for joining us.

This is a broadcast session. We will produce a transcript and make sure you get the opportunity to correct that before publishing it. It forms part of an inquiry we started with some expert witnesses in September into relations between the UK and the EU in defence policy. I realise that we are still coming up to the publication of the Integrated Review at some point early next year, but we are very interested to have your views on where things stand as of now.

Perhaps I could open up with a broad question for you to set the scene for us. The UK's exit from the European Union is, I suppose, the biggest strategic upheaval for the country in the last 50 years. I would be very interested in your sense of what the overall impact of that upheaval has been on our thinking about defence policy.

Baroness Goldie: Good morning, my Lords. Thank you very much for inviting me to participate in your inquiry at what is a very important time, not just for the United Kingdom but for defence.

I would premise my remarks by observing that the foundation of European security since 1949 has been the NATO alliance. Our intelligence services already have highly effective co-operation to build on outside EU structures. We aim to strengthen further our co-operation with our European friends and allies on security and intelligence.

It is worth observing that the EU acknowledges that it cannot defend Europe, which is why the foundation stone of NATO is so important. From a UK perspective, we remain the leading NATO European ally. We are the highest defence spender in Europe. NATO and our allies are central to the UK's security, its values and its place in the world. This investment will reinforce the United Kingdom's commitment to NATO as the leading European ally and second highest spender overall in the alliance, making the UK and our allies safer and more resilient.

The Chair: I wonder whether any thinking has been given to the relative importance of Europe as opposed to other parts of the world. We have heard about the Indo-Pacific, for example. If we are no longer members of the EU, does that have implications for the priorities we set geographically in defence policy?

Baroness Goldie: I would observe that the security of Europe matters to the United Kingdom. Geographically, we are proximate. We want Europe to be secure and I imagine that Europe wants the UK to be secure, so I would suggest that there is a natural mutuality of defence interests. As I was observing earlier, because NATO is our cornerstone for defence in the United Kingdom, NATO will continue to be the

dominant presence. Therefore, what happens in Europe will be of significance to the United Kingdom. It will matter to us and we will regard it as important to maintain strong defence relationships. We may not be part of the EU and may, therefore, be excluded from organisations that are entirely EU-owned and based, but we still have very important relationships with many European countries, including EU member states. These are very strong bilateral relationships.

Q31 Baroness Primarolo: Good morning, Minister. It is very nice to see you. Given the Government's decision not to pursue formalised collaboration with the EU through institutionalised structures, and bearing in mind what you just said about co-operation, could you tell us whether the Government plan to hold any discussions with the EU on defence matters? If so, how would that be arranged?

Baroness Goldie: These are early days. It would be in the mutual interests of the EU and the United Kingdom that we could maintain contact and have discussions. We would want to do that, and there is no suggestion that the EU would not want to do that. I would observe that being out with the EU inevitably slightly changes the geography of how these defence relationships are constructed.

Baroness Primarolo: I understand that. I understand the point the Foreign Secretary made when he said, "We have never defined our global outlook just through our EU membership". Nonetheless, co-operation with the EU in defence and foreign policy is clearly of benefit both to us and to the EU. Given the likelihood of an agreement on trade, assuming we get one, and law enforcement, will the Government be pursuing some form of agreement with the EU on defence matters, albeit by different arrangements?

Baroness Goldie: I cannot really go beyond what I have already said. There is a desire on our part to maintain a good relationship with the EU, not just because that is instinctively what we want to do, but because, as you rightly pointed out, it matters to defence. How we do that will be very much a question of evolution over time. Yes, we will conduct dialogue, but the UK took the view, for example, that it was not necessary to have an institutionalised relationship with the EU to deal with defence issues.

Equally, entities such as the common security and defence policy and PESCO are exclusively EU, for obvious reasons. We have so far made the judgment that we would not see a case for seeking to engage in them through third-country membership. It seems at the moment that there would be difficulties in doing that.

Baroness Primarolo: Could you tell us whether the Government have the political will to take forward co-operation in the future? We are clearly not asking about replicating what we have now. Given the huge challenges that exist around the world with regard to defence and foreign policy, surely a collaboration with as many partners as possible has to be the objective. Do the Government have the political will to take that forward with our European Union partners?

Baroness Goldie: We have the political will to do whatever is necessary to keep this country and our citizens safe. Pivotal to that is our relationship within and as a member of NATO. As you will be aware, we maintain a number of other defence alliances in different parts of the world. That is because we have a sense of clarity about where the strategic areas of significance are. There is a political will to engage with other likeminded countries.

We would instinctively want to remain on positive terms with the EU and have a dialogue. There is absolutely nothing to suggest that the EU would not want to do that in relation to the United Kingdom. We would certainly be positive about having these discussions, but there is a difference between having discussions and being prepared to commit to structures that may not be in the best interests of the United Kingdom.

Baroness Primarolo: I agree that formal structures might not be the way forward. The question I am asking is whether the Government are prepared to initiate those discussions, assuming that we get a trade and law enforcement deal. Would that be easier, and would the Government take it forward actively?

Baroness Goldie: Yes. There is nothing to suggest that we have not been having constant discussions. Obviously at this level of platform I have to be careful about what I say, but we have a continuing dialogue, not just with the EU but with numerous member states, some of which are very important defence partners of ours, such as France, Germany, Spain and Portugal.

Q32 **Lord Rowlands:** Good morning, Minister. May I briefly draw your attention to some expert evidence we received? Dr Laura Chappell told us, "The UK should be making some efforts towards setting out its future relationship with the EU in defence, particularly considering the UK's military power and capabilities". Is it in our national interest to establish such co-operation on shared defence priorities?

Baroness Goldie: I may slightly echo what I said in response to Baroness Primarolo. There is a recognition that we want to have a positive relationship with the EU. That matters in relation to defence and security. There are various ways of seeking to achieve that. Dialogue is one way. Seeking to engage at a formal level with discussions might be another way. At the end of the day, we have to respect the position of the EU. The EU will want to understand and protect the integrity of its membership. Therefore, I presume the EU would not always be favourably disposed to disclosing information, because it is now a separate entity. The United Kingdom is a third party and a sovereign state.

Lord Rowlands: Do you think we will be able to identify shared defence priorities with the EU? Should that not be central to the dialogue?

Baroness Goldie: In any dialogue, there is always a recognition of where strategic interests lie. As I said earlier, we remain committed to European security and will continue to co-operate with our friends and allies in Europe on shared threats and challenges. We do not think we need an institutionalised relationship in order to do

that. It is worth remembering that we already work closely with the EU on a wide range of issues, including Iran, Libya, climate change and Russia. We see no reason why that cannot continue.

Lord Rowlands: Could you not at least identify some specific shared priorities?

Baroness Goldie: The shared priorities are probably already clear through the prism of NATO. They include the defence and safety of the Euro-Atlantic area, and dealing with the increasingly pernicious and corrosive threat of misinformation, cyberterrorism or cyber misconduct. We are aware of what the threats are. Quite separate from that, the United Kingdom has a whole range of other geo-strategic interests across the globe.

Lord Rowlands: Do the Government consider that there is a coherent EU defence policy to which you can relate?

Baroness Goldie: Over the years, the EU has been developing its approach to defence. If you take the common security and defence policy, PESCO or a number of other related European structures, Europe clearly has a desire to present a coherent position in relation to defence. If you look, for example, at the recent articulation of roles for PESCO, in all its language the EU will want to be careful that it does not sound excluding or inadvertently antagonistic. We do not want to give our common hostile operators, which are a threat to both the EU and the United Kingdom, any sense of division.

The EU has good structures in place and will want to develop them, but it is very important that it develops them as complementary to, not in competition with, NATO. There is one example I would give. You asked about co-operation. If I think back to Salisbury, there was tremendous support from the EU over that. Equally, there has been outrage at the use of Novichok against Alexei Navalny. These are things that unite us all, whether we are in or outside the EU.

Q33 Lord Anderson of Swansea: Minister, good morning. If we were to ask our own defence planners and those in the EU, and indeed think tankers on both sides, what the key security threats that face us all are, I suspect that they would come to very similar, if not identical, conclusions. Do you agree?

Baroness Goldie: If, by that, you mean whether there is a shared recognition of what the principal threats are, yes, I would think that is the case.

Lord Anderson of Swansea: The list might include Russia, China, cyber, Middle East terrorism, migration, pandemics and climate change. Do you think that there are any differences between our own priorities and those of the EU?

Baroness Goldie: I think that we would share an identification of what we see as major threats. I suspect the difference may lie in how we determine what the response to that should be. An illustration of this is the Integrated Review, which is currently taking place. We have often been asked, "Why have an integrated review? What exactly is it? What is it trying to achieve?" From a defence perspective, the

simplest response I could give is that it is understanding what the threats are in the current age and working out whether we have the capability to meet them.

Lord Anderson of Swansea: Are we constrained from what we deem to be in our national interest by our membership of the European Union at the moment?

Baroness Goldie: We are not in the European Union.

Lord Anderson of Swansea: Sorry, yes, by our relationship with the European Union.

Baroness Goldie: I would not have said so, no. What really matters is that the dominant defence alliance is NATO. That is acknowledged by the EU. It is certainly the view of the United Kingdom. Therefore, it is very important that everyone recognises just what a singularly relevant and potent alliance that is and works together with NATO. The Secretary-General of NATO has been very clear in articulating the view that the EU should be there to support the alliance. It should be there to work with the alliance and produce help for the alliance. That is a sensible assessment of what the relationship should be.

Lord Anderson of Swansea: Would our own ranking of the security threats be different from those of the European Union? In our list of threats, which is very close if not identical, would their emphasis be different from ours?

Baroness Goldie: "Ranking" is a word I would hesitate to use in relation to threats. Threats are significant depending on where they exist, when they are exercised and where they manifest themselves. Part of our activity, both at defence level and on the security level, is to try to anticipate where these threats lie. As you will understand, it would be wrong to assume that threats will always be state-operator based. They may not be, and that has been one of the troubling trends of recent times.

Q34 **Lord Anderson of Ipswich:** Good morning, Minister. We did not contribute large numbers of personnel to CSDP missions and operations, partly because we had been heavily committed in places such as Afghanistan and Iraq, but we played a leadership role in Atalanta, the Somali anti-piracy operation; we provided operational capacity, for example in Bosnia-Herzegovina; and we participated in capacity building in Kosovo.

Looking back, can you give us a sense for how useful or otherwise that participation is judged to have been? Assuming it was useful, do you think it would be easy to participate in similar work outside the EU framework, through NATO, through bilateral arrangements or on our own?

Baroness Goldie: To answer the first part of your question, yes, it was useful. It was an effective representation of recognising challenge and being prepared to work together to try to address that challenge. We are also involved, as a country, through NATO and the United Nations. We are involved, for example, in Kosovo with KFOR. We are involved in Africa. We are involved in Mali and Somalia. There

are certainly areas where we are involved and it does not specifically depend on a relationship with the EU.

Lord Anderson of Ipswich: The political declaration last October—I know it seems a long time ago—envisaged that we could continue to participate in CSDP missions and operations on a case-by-case basis. Is that sort of ad-hoc participation a realistic prospect? If so, can I tempt you into perhaps indicating in general terms the sort of regions in which we might consider it? I am thinking, for example, of the western Balkans, the Horn of Africa and perhaps sub-Saharan Africa, which you have just mentioned, where we are seeing a good deal of jihadist terrorism migrating from the Middle East and posing a threat to UK and EU interests. Is the opposition that one cannot think of a single theatre where co-operation through EU mechanisms brings advantages that would not accrue from action of other kinds?

Baroness Goldie: We have to deal with the reality of the situation as it is. The EU exists, has its own defence structures and will pursue its own defence strategies and policy. We are now an independent country. We are a powerful defence presence. We are a singularly important defence contributor to NATO. We will make our assessment of where we believe threats to lie. Based on that assessment, we will then come to a conclusion as to what we might do to respond to these threats.

Lord Anderson of Ipswich: There may be very good reasons for this, because you are in a much better position to know than I am, but I am not hearing from you any sense of any theatre, any region, any operation, any mission where you think the EU is better able to intervene than NATO, a bilateral team or the UK acting unilaterally. I am not hearing any enthusiasm for added value that the EU brings to maintaining the safety and security of British interests. Would that be a reasonable way of looking at it, or are there such areas where the EU has an edge that we would not achieve anywhere else?

Baroness Goldie: I do not want to sound mean-spirited, and I apologise if that is how I came over. I acknowledged the benefit of the EU operations in which the UK had been involved. They were important and effective. In so far as the future is concerned, the UK will have to make its own decision. The EU may very well decide to get involved in an area and do so very effectively. It is impossible to judge whether the EU can do something better than NATO or a United Nations mission. I am not sure that would be a helpful comparison to make.

I am a great believer in dealing with facts as they are. The EU is an important constitutional entity. It will have to take its own decisions in relation to defence. I am absolutely clear that it will be able to make an important contribution in various areas. Equally, the United Kingdom will be able to make an important contribution. It may very well be in the future that we have healthy discussions with the EU. We may identify areas where some form of co-operation can be discussed and negotiated. That is for the future.

I would not want to be drawn into saying that there is nothing that can be made better by getting the EU involved. In the past, the EU, in partnership, has been a

very helpful presence in various areas of challenge: Althea, Sophia and the other operations in Africa. If you think of the CSDP and the stabilisation operation in Bosnia, that was a horribly challenging environment. Then there was the war crimes tribunal for Kosovo. These are missions where only the EU has a mandate to operate and it complements what else is going on. There are areas where the EU has been very important.

Lord Anderson of Ipswich: In other words, it remains the case, as it was when the political declaration was signed, that the United Kingdom will be prepared to contemplate participation in CSDP missions and operations on a case-by-case basis. If I may put it this way, there is no ideological bar to considering participation of that kind.

Baroness Goldie: There is not an ideological bar, but there is a recognised and inevitable practical challenge, which is that, were we to participate in any future CSDP initiative or operation, that would require a whole new legal treaty to be negotiated, so it would not be straightforward.

The Chair: If there was an occasion in the future where Britain decided that it wanted to participate in an EU mission, either an existing one or a new one, I can imagine that a British CDS would say that he or she wanted to be in the room, part of the planning process and involved in the command and control of any mission. I wonder how it might be possible to go about that, given that we are, as you have said, Europe's leading military power. We are not just any other European country. Could you foresee an arrangement where the EU would want us to be part of it, we would want to join, and therefore the EU would find a way of involving the UK upstream in the planning of operations?

Baroness Goldie: All I can say in response to that is what I said to Lord Anderson. There is no ideological barrier to doing this. It would be a determination of the situation as it arose, when it arose, and a judgment would then have to be made. If we found that the requirement to participate in such an activity, in such a mission, was surrounded by other obligations which we did not think were acceptable, that would weigh in the balance of what action we decided to take, if that situation arose in the future.

Q35 **Lord Lexden:** Good morning, Minister. We live in a world awash with acronyms, and nowhere more so than in defence. I am ashamed to have to say that, until recently, I was unaware of PESCO—Permanent Structured Cooperation. I understand that there are some 47 projects taking place under the heading of PESCO. Unless I misheard you, Minister, I think you said very firmly that the Government, who have hitherto not shown much or any interest in PESCO, would not be changing their view and would thus be unconcerned to explore with any EU member the possibility of participating in PESCO projects in the future. Is that what you told us earlier? I think so. Perhaps you could expand a little and tell us more about the Government's position with regard to PESCO.

Baroness Goldie: Good morning, Lord Lexden. I would not feel the least apologetic about acronyms. I have become the sort of *bête noire* of MoD, almost refusing to read a document unless it is accompanied by a translation as to what all the acronyms mean. I am afraid they are a fact of life in MoD, but they can be an irritant.

As your Lordships will be aware, the UK did not join PESCO. We have consistently counselled that, if it is to be successful, it must be designed in a way that strengthens the relationship with NATO and promotes NATO-EU co-operation and an open and competitive European defence industry. In relation to your question about what difficulties we identify, we assess that certain conditions attaching to PESCO, such as on export control and intellectual property rights, are likely to create obstacles to third-country participation in PESCO projects. Having said all that, we will continue to monitor the development of PESCO projects and how the third-country rules work in practice.

Lord Lexden: Does that mean that you will be exploring the possibilities at some point, if not now, with particular EU member states? Does the approach need to be to a particular EU member state, if the UK Government were seeking involvement?

Baroness Goldie: To be honest, our approach to individual member states is much more aligned to our bilateral relationships with these member states on a defence basis. As you will be aware, we have strong relationships. I have found it very heartening that, at a number of conferences I have done recently involving some European countries, there is a huge interest in the United Kingdom. There is a desire to know what our vision is and what we want to do. Our role as a defence ally and partner is clearly highly valued. It is not a question of whether we would begin approaching individual countries in relation to the holistic overview of PESCO. We will monitor how PESCO is operating. We will see how these third-country rules work in practice. We will certainly take a genuine interest in how that is operating.

Lord Lexden: Given that there are so many projects, are you able to say whether there are particular ones among them that the Government would be especially interested in exploring?

Baroness Goldie: You are right: there are a huge number of PESCO projects. I think you mentioned 47. They range across a wide spectrum of activity. We supported the principle of the PESCO military mobility initiative because of its potential to help to deliver NATO commitment to resolve common impediments, whether that was physical, legal or regulatory, that obstruct NATO's ability to rapidly manoeuvre forces and equipment.

Q36 **The Chair:** I see that we have kindly been sent an Explanatory Memorandum by the department on an EU proposal on third-country participation in PESCO projects, which we will be scrutinising in the weeks ahead. There, it made clear that the Government were interested in continuing to monitor how this PESCO structure developed, to see whether there were opportunities that would be interesting for HMG to join.

I do not know whether you or your officials can say any more about the issues you will look at in considering whether a future PESCO project would be in our interest to participate in. We noted an interesting indication that the Government would be keeping a close eye on how this side of EU policy developed.

Baroness Goldie: I feel as though you are asking me, “How many fish do you see in the pool and which ones would you like to catch?” I am not sure that I can see any fish in the pool at the moment.

Daniel Drake: There are 47 projects, but the reality is that some of them are more developed than others. As you all know, we have been going through the final stages of negotiating our own future relationship with the European Union on trade. The third-country rules for involvement in PESCO have only just been agreed, hence the Explanatory Memorandum that you just referred to, Chair. All that means that it is quite right that we take this “wait and see” approach right now. The concerns the Minister has set out in areas such as export controls and intellectual property rights are real.

We will want to understand how other third countries, if they have an appetite, engage with those rules and get involved. Then we will look at which of the projects that are moving forward may, in due course, be of interest for us or, indeed, other third countries. The military mobility initiative is a good example of an area of EU activity that can genuinely reinforce NATO’s own objectives. It is still very early days in PESCO and other EU defence initiatives, such as the European defence fund. It is quite right that at the moment we are in this active monitoring mode.

The Chair: Thank you. I understand that. From a previous life, I would just put in a plea to keep an open mind on whether there are defence industrial co-operation projects in the future that might be in the interests of this country, and its defence industry, to find ways of participating in. I understand from what you say that that option is still very much on the table. I would welcome that.

Q37 Lord Kirkhope of Harrogate: Good morning, Minister. The British Government have been indicating that they want to develop future relationships with European countries, if they have to, on a bilateral basis. I am looking first at the Franco-British Lancaster House agreement, which is often cited as a good example of how we can work with other European countries. That was signed on 2 November 2010.

It is interesting that it is described differently in different papers, sometimes as an agreement. There was apparently a treaty and then, almost immediately, the same day, there was the Downing Street declaration, which dealt with the major components. Those components included things like safeguarding our joint nuclear stockpile for weapons. There was a considerable amount of detail in it. We also indicated at that time our joint and full support for the common security and defence policy.

Water has gone under the bridge, if I may put it that way. Nevertheless, it seems to me there is a problem. The Lisbon treaty’s Permanent Structured Cooperation programme came into effect in 2017, which obliged members of the European

Union to take a slightly different view when it came to operations and relationships in defence. Even if we have a clear policy of seeking bilateral arrangements, is it not rather different for the other half of that potential relationship, another European country, to enter into an agreement with us, unless it is subject to that co-operation programme, which has a lot of detail? There is also the ongoing commitment to the common security and defence policy as it develops.

Will it not be very difficult for us to find bilateral agreements? How do we sustain an agreement like the Franco-British one, which is so vital, particularly in the nuclear field, without having some kind of understanding, at least on our part, of those European requirements?

Baroness Goldie: It is a long question.

Lord Kirkhope of Harrogate: I am sorry about that.

Baroness Goldie: I shall try to tease out the bits that you want answered, but, more importantly, the bits that I think I can answer. There is a distinction.

As I mentioned earlier, the UK has bilateral relationships with European countries that are very important. One of these is, indeed, with France. My noble friend referred quite correctly to the Lancaster House treaties that we signed in 2010. It has been possible in fact to build on these treaties.

One of the goals was to establish the combined joint expeditionary force, because it combined two of the world's strongest militaries to tackle shared threats. Last month, we announced that that force has reached full operating capacity and can rapidly deploy over 10,000 personnel in response to a crisis to fulfil a range of tasks, including high-intensity operations, peacekeeping, disaster relief and humanitarian assistance.

To illustrate, British and French troops are deployed around the world together in places such as the Middle East, to combat Daesh, and Estonia, as part of NATO's enhanced forward presence. We have also been active in Mali. I merely say that to illustrate that, whatever may lurk within the Lisbon treaty, it is possible for individual countries within the EU to seek out and forge bilateral relationships with other countries, if they consider these relationships important.

As to whether the Lisbon treaty would inhibit some member states from embarking on such relationships, I do not have a conclusive answer. Daniel Drake might have much more expert information than I possess about that but, before I bring him in, my impression is that there is an appetite among individual EU member states to have a defence relationship with the UK. Daniel might have a little more information about the technical aspects of the Lisbon treaty.

Daniel Drake: I would reinforce a couple of points that you made, Minister. There are some initiatives that we have been able to take forward very successfully over the last few years, despite the fact that we are no longer in the European Union. The development of the joint expeditionary force brings together a number of

NATO allies, along with Sweden and Finland, which are in the EU but not in NATO. In the defence capability field, the Letter of Intent group brings together a number of EU member states on capability development issues, along with the UK. We have signed new bilateral treaties with Poland and elevated our defence relationship with Germany to the top tier, the same tier as France.

As the Minister has said, we have been able to do all that notwithstanding that fact that we have been in the process of leaving and have now left the EU. Of course, those countries will be bound by EU rules in the future in the way that we no longer are. We have seen very little indication that that has militated against those countries wanting to build stronger bilateral or small group relationships. If anything, the opposite has been the case; they have been keen to offset the fact that they recognise they will be doing less with us through the European Union by building stronger bilateral relationships instead.

Lord Kirkhope of Harrogate: Even though we do not acknowledge the various measures, rules and regulations that now exist and apply to our EU friends, we at the very least must understand the position they are in. We are not members and do not want to take part in them, but everything that we do, in trying to organise bilaterals, must at least acknowledge that they are part of other structures, which may or may not be helpful to future bilateral relations.

Baroness Goldie: As Daniel Drake was indicating, we deal with the circumstances as they are. We have to leave it to the EU member states to determine whether they are inhibited from progressing further and, if so, to what extent. As Daniel was indicating, the evidence so far is that EU member states have an appetite for cultivating a relationship with the UK. We are not aware of structural impediments being mentioned. There may be genuine situations relative to the member state where it wants to get its own legislature to approve something, but there is clearly a desire on the part of individual member states to have a relationship with the UK.

The Chair: There is perhaps a distinction here between operational co-operation between the armed forces, where I would agree there is surely no impediment, and industrial co-operation. For example, the rules of the European defence fund might be written in a way that made it quite difficult for other EU member states to work with British defence companies on joint projects. Lord Kirkhope's question might well have real relevance there. We might find there are barriers that we would not want but that were there anyway.

Baroness Goldie: I would not disagree with that.

Q38 Baroness Goudie: Good morning, Minister. Continuing on bilateral co-operation with the EU, Professor Michael Clarke, former director-general of RUSI, told us that it would be "a very good move" to "take a lead within north Europe and the north Atlantic on certain defence and security co-operative arrangements". How will the UK avoid duplicating that with the EU member states that may be planning to work in this area?

Baroness Goldie: We would make an assessment of everything we could do to avoid duplication. Much of what we are doing in the north is based on NATO activity. If you look at our presence in Estonia and with some of the Nordic countries, we have already constructed very solid relationships in relation to these countries.

At the risk of sounding repetitive, we concentrate on ensuring that we are co-ordinating with our NATO allies in any activity in which we engage. Again, I think the EU would want to be careful that it was not duplicating NATO activity or competing with NATO. We also, for example, take a leading role in the northern group of 12 countries. That is an important alliance for our activity in that area of the north and far north.

Baroness Goudie: Coming on to defence spending, does the pandemic and the pressure this is bound to exert on defence budgets make collaboration equipment projects more attractive? Do the Government foresee these playing any part in the UK's procurement mechanisms, such as the European Defence Fund?

Baroness Goldie: We are not part of the European Defence Fund, but we have good relationships. We are, for example, a major partner with Germany in three of the biggest multinational programmes: the Eurofighter Typhoon, the Meteor air-to-air missile, and the A400M. We hold a regular ministerial equipment and capability co-operation dialogue with Germany. The last meeting was 12 November.

We find it possible to have these discussions and, yes, they matter. We hope that the EU would want to pursue an outward looking, competitive approach to defence equipment in relation to the defence industry. To do otherwise would not be healthy.

The Chair: Indeed. Hear, hear to that.

Q39 **Baroness Hamwee:** Good morning, Minister. Can I reverse the lens, as it were? We have been talking a lot about how things will be managed post the end of the transition period. We are interested in knowing how Brexit is influencing the Integrated Review. What has been useful about being in the EU? How might any of that be transferred to the post-EU membership situation?

Baroness Goldie: One important feature of when we were in the EU was our ability to genuinely establish good relationships, not just across the EU at institutional level but with the individual member states. That has been a very positive development. I hope that, notwithstanding our departure from the EU, it will be possible to continue cultivating and nurturing these relationships. They are going to be important for the United Kingdom and they are important for the EU. That has been a very positive feature.

As I said earlier, I would not want to detract from the merit of the EU operational activity in various areas, whether that was in the Balkans or the Mediterranean. A lot of very helpful work was done there. I think we can use that mutual awareness and knowledge to good effect, but we have to understand that, post Brexit, we are in a different landscape and a different situation. I cannot gloss over that. It means

that the United Kingdom, which always has the safety of the country and the well-being of our citizens at the heart of its defence strategy, will have a strategic view on what we think the priorities are.

I said earlier that the Integrated Review for defence was predicated on what we think the threat is and whether we have the capability to meet it. The recent defence settlement indicates two things. It was, in a sense, stage 1 of indicating the direction of travel for the Integrated Review. The settlement was not just a very helpful financial settlement but a multiyear settlement. It recognised that you cannot run defence on a hand-to-mouth existence. It just does not work.

There is also a political resolve behind it. We feel that, with all the global threats confronting us, defence has to be at the heart of what we as a nation do. Therefore, it is a very important message that indicates the political will of the Government to ensure that we have the best defence capability that we can muster. That is the way in which we feel we keep the country safe, keep our citizens safe and, very importantly, contribute, we hope, to global stability.

Baroness Hamwee: I take the point that having been a member of the EU means that we got to know some of our more distant cousins a bit better, which may help with bilaterals. Apart from the relationship at the softer end of it, there will be technical issues. I wonder if you could say anything about the impact on defence manufacture and trade policy issues. Daniel Drake referred briefly to them. The issue of data adequacy has also come up in lots of our discussions about what life will be like after the end of this year. Do you have anything to say about that?

Baroness Goldie: Yes, both are very important. Trade matters, not least to our defence industry partners. If we can negotiate a trade agreement, that will be a very important development.

In relation to data, yes, it is important that we share data as best we can. Again, that is unlikely to happen in an unregulated environment. There is a security of information agreement within the EU, and that is being investigated, but there are issues. The noble Baroness is quite right about how far you can take that, because you need agreement before you can start disseminating data. That is an important issue.

Q40 Baroness Hamwee: Can I turn to the other big issue of the day, Covid-19, and ask about its impact on the scope of the review? We know that it has been pushed back because of the pandemic, and I have sympathy for anyone who feels that their bandwidth is really being exceeded at the moment with all this going on. How will it shape the Government's priorities as we go forward?

Baroness Goldie: That is a pretty massive question. The Government, along with Governments across the world, have been dealing with something unprecedented and doing that to the best of their ability. Yes, Covid has introduced challenges. I do not need to rehearse to the Committee what these are. We are all acutely aware of them.

As for our fundamental defence capability, which is the interest of this Committee, we have managed to operate with remarkable resilience. Not only have we been able, through MACA, to give strength and very valuable support to the attempts to meet the Covid challenge, in a variety of ways; we have also managed to maintain our core activity. Many people were concerned that Covid might disrupt the ability of our defence capability to operate, but we have managed to attend to all our core tasks. It is important to underline that.

As to the legacies of Covid, we are still in a period of turbulence, as all will understand. We hope the presence of a vaccine and its dissemination to the population in fairly early course, I trust, will begin to let us turn a corner. There will be legacy issues, and it is difficult at this stage to quantify exactly what these will be.

Baroness Hamwee: The review, very deliberately called the Integrated Review, covers security, defence, development and foreign policy. I wonder whether the experience we have had with Covid is influencing the thinking about the review, what should be within its scope and what the Government's priorities within it should be.

Baroness Goldie: That is an important question. Yes, the Integrated Review is taking account of Covid, and that is to help us set a strong direction for recovery both at home and overseas. As I say, it is difficult to predict with accuracy what the legacy issues from Covid will be, but we are very conscious of the need to use the Integrated Review as an opportunity to reflect on all possible implications of the pandemic. The recent defence settlement was an indication, for example, of the desire to spend money that would create jobs. There will be the prospect of industry partners benefiting from that. That is an important recognition that this is a double benefit. It not only helps our defence capability, but it makes an important contribution to the economy.

Q41 Lord Dholakia: I am following up the question on the review. Will the review consider how the UK Government could co-operate formally with the EU in the future on a security and defence relationship?

Baroness Goldie: Only time will tell. We have explored in some detail the current structures within the EU. We have considered these in relation to the United Kingdom's new status as an independent sovereign country. We have also explored where some of the obstacles may lie. That exploration is genuine. We wish to continue to have a dialogue with the EU. As to how that transpires, how it develops and what the outcomes of such discussions will be, I cannot at this stage predict.

Q42 Lord Dholakia: As we come out of the European Union, we often talk about British interests, but recent security events, for example in Germany, Austria, France and Britain, identified the need for better co-operation between the EU and Britain. What sort of structures would the review be likely to recommend for co-operation on such matters as defence and security?

Baroness Goldie: I cannot pre-empt what the review will ultimately say. It will be published early in the new year. I would be very surprised if the review did not

recognise the importance of continued diplomacy and engagement with partners across the world, not just in relation to Europe and the EU. There will be a strategic recognition that this engagement matters.

The critical question to pose then is how you achieve it. How do you undertake that engagement? What do you do to make it happen? I cannot answer in detail on what the review will say, because I am not privy to that, but I anticipate that the UK Government will want to recognise the importance of dialogue with partners and allies across the world.

Q43 Lord Anderson of Swansea: “America is back”. So said President-elect Biden. Presumably, that is back to normalcy, back to the continuity of US foreign and defence policy after the interruption of President Trump, and back to multilateralism and Atlanticism. I hope it will be very different to what we have had. How will this affect our own defence posture?

Baroness Goldie: It is an interesting question. Everyone across the globe has been watching developments in the States with keen interest. We are certainly looking forward to working with the new Administration on all our shared interests, from tackling Covid-19 to counterterrorism. We certainly want to collaborate closely through our presidencies of COP 26 and the G7 next year.

It is worth observing that UK-US defence co-operation is the broadest, deepest and most advanced of any two countries in the world. These are words I would not use lightly. The relationship is founded on intelligence and nuclear and scientific co-operation. That has underpinned generations of cutting-edge military capability. Our shared political worldview has spurred decades of combined operations. Alongside personnel exchanges and training programmes, it has enabled interoperability across the maritime, land, air and special forces domains.

To me, that underlines how important our relationship with the United States is. We certainly look forward to President-elect Biden taking up his new Administration and working with him.

Lord Anderson of Swansea: The assumption is that this will lead to a greater US emphasis on NATO, not an obsolete organisation but one that can be ever more relevant. How will this affect us? What are the consequences for UK defence?

Baroness Goldie: We believe in NATO. I said before why we consider NATO to be the cornerstone of our defence policy and approach. It was the United States that was instrumental in achieving this. Many member states of NATO are now much more realistic about the cost of maintaining the organisation and the need to demonstrate equity in the contribution of these costs. There has been positive progress on that front.

It is very important that the US remains committed to NATO. I see no reason why it would not want to do that. It is worth remembering that 80% of defence investment in NATO now comes from non-EU NATO allies, which is an interesting statistic. It underlines why the EU wants to be very clear that it has much to gain from working

in co-operation with NATO. Without that US contribution, European allies would feel a chill wind. Instead of spending on 2% of GDP on defence, we would probably have to lift that up to somewhere between 5% and 6% of GDP.

I very much hope that, under President Biden, there is a recognition of the strategic importance of NATO. I would like to think that the strength of the relationship between the United Kingdom and the United States will be the bedrock for really productive discussions about defence, global security and, not least, how we work together in NATO to ensure that it remains absolutely fit for purpose in terms of the very important job it was created to do.

- Q44 Lord Anderson of Swansea:** On procurement, will there be less pressure to collaborate with and to buy from Europe, and a greater emphasis on working more closely with the US, with all the problems about interoperability and the training of our people in the more advanced US systems?

Baroness Goldie: We have to look at this from a defence perspective through the lens of what our defence capability needs and what is reasonable for the British taxpayer. Against that backdrop, I would suggest that we will always be sensitive to cost, what we need, where we might get it from, and trying to ensure we get a good product at best value for the taxpayer. Lord Anderson, as you will be aware, we procure equipment from a number of international sources, including the United States.

Lord Anderson of Swansea: Might the emphasis swing more to the US and away from Europe?

Baroness Goldie: I cannot see why it particularly should. I go back to the criteria that will be important to the United Kingdom. What do we need? What is a good product? Where can we get it? What is a reasonable price for the taxpayer? These are the tests that we will apply.

- Q45 Baroness Primarolo:** Minister, I wanted to return to what our future relationship co-operation may be with the European Union from 2021. You have made it absolutely clear this morning that the Government will not want a formalised institutional structure for co-operation with the European Union in the future. You have also touched on some of the benefits that co-operation in certain areas brings. What new arrangements with the European Union do the Government see as desirable after the transition period?

Baroness Goldie: There are obviously areas of mutual interest. Shared intelligence is one. That goes back to Baroness Hamwee's question about data. There may be areas where we can be involved in activity. For example, if we are involved in a United Nations mission, we might also act alongside an EU mission.

It is difficult to say in detail what may lie ahead. We do not know exactly what is going to confront us. All I can say is that the United Kingdom will assess these situations when they arise. We will want to make the best decisions we can to ensure that we maximise the protection of our country and our citizens, and that

we do everything we can to prioritise a contribution to global stability. We will simply have to look at a situation and assess it as and when it arises.

Baroness Primarolo: You are saying that, as a general rule, you can see no advantage to co-operation based on principle with the European Union going forward, and that the Government will assess each individual proposition only as it comes along to decide whether we co-operate, despite the fact that there are clear gaps between NATO and the UN structure, and clearly problems in the UN structure with the Security Council veto. We are not entering that space at all. We are just saying, "Let us see what happens in the world". Is that what you are saying to us?

Baroness Goldie: As far as operational activity and missions are concerned, I simply repeated the position as I had previously stated it: that that would have to be determined carefully. It looks as though, if there were to be engagement in such activity, it would be either through PESCO or through the CDSP. I have made clear why the United Kingdom is very clear-sighted about the possible challenges to that.

As to the future defence relationship, I cannot prejudge what it will look like. I am not being evasive; I simply do not know. That position will commence from the start of next year. We are open, for example, to discussing technical issues. There may be areas where we can reach common accord on grounds that are not inimical to the United Kingdom's interests, but I cannot anticipate exactly what that relationship will be like, because that relationship has still to be nurtured.

Baroness Primarolo: Thank you, Minister. I do not think I can really pursue that. You are basically telling us, "We do not know yet, so let us wait and see". In a world that is really dangerous and where we need to co-operate, that does not sound like a very good option to me.

Baroness Goldie: We have to remember that the EU is one entity. The United Kingdom is part of a number of alliances, the most important of which, as far as European security is concerned, is NATO. We are a very powerful and influential member of NATO.

Q46 Lord Anderson of Ipswich: The European Defence Fund, as I understand it, provides investment in joint research and in the joint development of defence equipment and technologies. I believe there are plans to expand it quite considerably. Lord Ricketts asked you earlier about the possible protectionist implications for our defence industries. I am curious about a slightly different issue. Is it possible that the EDF might have an impact on standard-setting and thereby on the ease by which we could interoperate on joint missions and operations with EU partners? Questions of standards and interoperability are really NATO territory, but attitudes to NATO vary as between member states.

I suppose what I am really asking is whether you are confident that NATO will retain its pre-eminence in this area of standards and interoperability, or whether you see the EU as harbouring an ambition to supplant or supplement NATO as a standard-setting body where its own members are concerned.

Baroness Goldie: Coming to the last part of your question first, this goes back to how the EU sees its role as interweaving with NATO. It is in the interests of everyone, including the EU, if there is a healthy conjunction with NATO activity. If the EU were to depart on a course that diverged from NATO objectives, if it pursued its own course, and if it was found to be acting in competition with NATO and not complementing what NATO does, that would be a very unwelcome development for everybody, for the EU and for all the non-EU NATO members. I very much hope that does not happen.

As to the European Defence Fund itself, the question has been asked why we are not participating in EDF programmes and whether that non-participation risks our ability to work with the EU on security matters. Quite simply, on current investigations, the judgment has been made by the United Kingdom that the third-party rules for the European Defence Fund mean that it would not represent value for us and UK industry at this time.

I therefore very much hope that the EU can work in conjunction with NATO, because at the heart of your question is a very important issue, which is standards. That is core to what everyone should be trying to adhere to.

Lord Anderson of Ipswich: I am thinking about this from a field I am more familiar with myself: human rights law. There was a very adequate apparatus in the Council of Europe, the European Convention on Human Rights, which set standards effectively for Europe, but that was not good enough for the EU; it wanted to develop its own Charter of Fundamental Rights, which was not altogether welcomed in this country.

Is it possible that something similar might happen on the military front when it comes to setting the standards that govern the commissioning of equipment and so on? Is there a political movement within the EU or in parts of the EU that might see it as a virtue for the EU to have its own standards independent from those of NATO? Are you content that, whatever noises are made about NATO, the reality is that everybody sees the logic of NATO remaining the standard-setting body?

Baroness Goldie: I am not sure I am qualified to answer the question, because it would require someone from within the EU to articulate an opinion on that. I would be surprised, for example in relation to equipment and assets, if industry were content to have its market in any way inhibited or restricted. Industry would be very restless about that. There would be economic repercussions, were that approach to be adopted.

At the heart of your question is the desire to understand the mind of the EU in relation to how it approaches defence. We recently contributed some thoughts to the strategic compass, and that was very welcome. If you look at the rules and ambitions for PESCO and the CDSP, the EU has a sense of what its structure is for defence, but that view is still developing. I do not think the EU actually knows where it wants this to end up.

One phrase we have not heard this morning, although it is used, is the question of strategic autonomy. It is quite a troubling phrase. If that signals that the EU has a desire to go it alone and have an EU-stamped defence strategy and policy, it might be a positive contribution, but it is quite difficult to see how that would work smoothly with other existing entities, not least NATO.

The EU will want to be very careful about how it plans the development of its approach to defence. If it can construct an entity that works for the interests of security and stability, and allows EU member states to optimise their contribution to that objective, that is very healthy. If it is much more about wanting to have an EU brand on it just because that feels like a good thing to have, that is slightly more disquieting. At the moment, the EU is still in a state of flux with where it is on defence. It is evolving and developing ideas. We see these reaching the headlines, some of them very recently. The EU has a lot of discussion and reflection to do.

The Chair: Further to the point that Lord Anderson was making, even if the EU does not have an ambition to start setting standards, I believe that the European defence fund has research and development as one of its main objectives. A big focus in the defence settlement which the UK announced last week was to boost our spending on science, research and development in defence. I suppose there may be a risk of duplication there, if the EU and the UK are both pursuing enhanced defence research and development programmes. We might be going off down different tracks. I do not know whether there is any way of avoiding that risk, but it seems to me that we cannot both be trying to reinvent the wheel on different sides of the channel.

Baroness Goldie: That is an important point. When resource is scarce, you do not want to be replicating or duplicating it. To a certain extent, it is unavoidable. For example, America has research and development; we have research and development. Those may overlap at times. The best way forward is to keep speaking. One thing we keep pushing as the UK is the absolute importance, for example, of the EU and NATO continuing to discuss interoperability, mutual interests and how we take things forward. That dialogue is critical. Some of that discussion and conversation may flow into who is researching what. Very often, our industrial partners have a very good idea of who is researching what. They themselves may come to a view about wanting to pursue something because they are aware of activity taking place elsewhere.

It operates at various levels, not just between Governments or between institutions such as NATO and the EU, or the United Kingdom and the EU. There are lots of other strata of communication where important intelligence is shared. You raise an important point.

Q47 Lord Anderson of Swansea: I have a question on the respective roles of the US and its allies. The US defence experts used to quip that the US did the cooking and we had to do the washing up. That was in part the case, for example, in Bosnia, where NATO and the US effectively gave way to EU. Again, the US has largely sub-

contracted west Africa to the EU, to us and particularly to the French. Do you see this two-stage operation continuing? Will we be able to participate in the second stage if we do not co-operate with our EU allies?

Baroness Goldie: This rather goes back to Baroness Primarolo's question. You are asking me to look into my crystal ball, and I am not sure that I can do that with any clarity or certainty. There is a new world unfolding, where we have a different Administration in the United States, a United Kingdom no longer in the EU, and an EU having to search itself and make its own decisions about how it develops its approach to defence.

There is a lot of changing scenery here, but at the heart of it all will be the desire of countries for which defence is extremely important—the United Kingdom is one such country—to ensure that we are clear-sighted about our strategic priorities and that we are in full discussion with our allies, whether they are in the United Nations, NATO, the EU or on a bilateral basis. Out of all that, we try to formulate an objective, a sustainable approach to defence and a sustainable means of making a contribution, not just to our own safety but to global stability.

The Chair: Thank you very much indeed, Minister. You have taken a comprehensive range of questions and dealt with us in a very patient way. Thank you very much indeed for what you have been able to tell us this morning. Thank you also to Daniel Drake and Dan Smith. As I said, a transcription will be produced of this, which you will see to correct. If you want to add any additional points, written evidence is always welcome to us as well. On behalf of all members of the Committee, may I thank you for a long and wide-ranging session?

Baroness Goldie: Thank you very much.