



European Affairs Committee

Corrected oral evidence: Implications of Russia's invasion of Ukraine for UK-EU relations

Tuesday 12 September 2023

4 pm

Watch the meeting

Members present: Lord Ricketts (The Chair); Baroness Anelay of St Johns; Baroness Blackstone; Lord Hannay of Chiswick; Lord Jay of Ewelme; Lord Lamont of Lerwick; Lord Liddle; Baroness Ludford; Baroness Nicholson of Winterbourne; Viscount Trenchard; Lord Wood of Anfield.

Evidence Session No. 1

Heard in Public

Questions 1 – 12

Witnesses

I: Baroness Ashton of Upholland, Former European Union High Representative for Foreign Affairs and Security Policy; Sir Julian King, Former European Commissioner.

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Examination of witnesses

Baroness Ashton of Upholland and Sir Julian King.

Q1 The Chair: Welcome to the first evidence session of the European Affairs Committee's new inquiry into the implications for UK-EU relations of Russia's invasion of Ukraine. This afternoon, we are delighted to have with us two eminent witnesses: Baroness Cathy Ashton, who was the EU High Representative for Foreign Affairs and Security Policy from 2009 to 2014, and Sir Julian King, former British diplomat and colleague, and the UK's last EU Commissioner from 2016 to 2019. There is no one better to get us launched into this inquiry. You are both very welcome indeed.

The usual rules of the game apply: this is being broadcast, it will be transcribed and you will, of course, have an opportunity to correct the transcription before it is published. With that, I would like to get straight into our discussion. There are plenty of questions from all members of the committee and perhaps, therefore, I can start by asking you to briefly set the scene on how you rate the EU's overall response so far to the Russian invasion of Ukraine, and what areas you see as producing a departure from previous EU foreign and security policy. It is a broad question—a relatively brief introduction before we then get into the detail. Perhaps I could ask Baroness Ashton to start.

Baroness Ashton of Upholland: It is very nice to be here with the committee. It is unquestionably the case that President Putin believed that Europe would not stand united when he invaded Ukraine. It is one of the calculations that he made and, I think, got wrong. By general consensus, there is an understanding that the EU has come together and stuck together in terms of wanting to put pressure on Russia through a strong series of sanctions, and by its commitment and support to Ukraine in both weaponry supply and—really importantly from Ukraine's perspective—the longer-term sense that Ukraine will become a member of the European Union and that the European Union will be a fundamental partner in helping Ukraine to rebuild when this war is finally done.

My assessment is that you see an EU that has managed to stand firmly together. For the future, I think we will see that continue. You will always find nuances between individual member states—anyone who has been engaged in any way with Europe will recognise that—but it is still the case that there is a fundamental agreement.

The Chair: Thanks very much. Julian.

Sir Julian King: Likewise, I am very happy to be here. Thank you for inviting us to kick off this important piece of work with you. I obviously agree with what has just been said. On the subjects that are on the agenda particularly for this session, there has undoubtedly been a sea change in how the EU collectively works on both security and defence over recent years. Some of that pre-dates the Russian invasion of Ukraine; some of it relates to other geopolitical drivers, in particular tensions with and concerns about China.

Collectively—and I am sure there are some exceptions and hiccups, as Baroness Ashton has just said—the trend has been towards thinking much more seriously about a broad sense of security, including economic security, reducing dependencies and building resilience across all sorts of sectors that we can go into in more detail.

Since the 2010s—when Baroness Ashton and I were there together—there has been a shift in thinking around defence: from a focus on expeditionary and smaller-scale peacekeeping-type activity within an EU framework to a much more serious engagement on building the capabilities that are necessary to underpin harder defence and territorial defence, with a whole series of initiatives that have been taken in that field. Both of those tendencies have obviously been accelerated by the events in Ukraine.

Lord Hannay of Chiswick: Can you characterise the behaviour of Mr Orbán in that context? Is it just a distraction and a nuisance, or is it something more serious?

Baroness Ashton of Upholland: The Prime Minister of Hungary has long decided to be a much more, as we would think of it, populist Prime Minister, and to consider himself not to automatically be part of the consensus. As I say to people very frequently, the most extraordinary thing about Brussels for me is that it is the only place on the planet where it is a requirement that a solution is found to which all can be agreeable.

If you think about how individual countries, EU member states, operate in any other situation, it is as representatives of their country, determined to sit or stand behind that position. In Brussels, it is to fail if you do not actually reach a conclusion. Again, there are colleagues here who will know what I mean by that. That does not mean it is easy or always works out very well, but that is the trajectory.

Even though Prime Minister Orbán will be challenging at times, they have so far found ways to continue to work together. Whether that will change in the future we shall have to see. Whether there are things that Hungary wishes to have and wishes to see as a consequence of its membership of the EU that, in a sense, get weighed in the balance when decisions are made about how it is going to operate, especially when it comes to the future of Ukraine, remains to be seen. So far, despite all the rhetoric, noise and challenge, we are still seeing them move in the direction of travel of being together.

Sir Julian King: Hungary has certainly complicated things and slowed things down. It has pursued its own particular interests and objectives as part of the EU discussion around sanctions, for example. Nevertheless, there have been 10-plus sanctions packages successfully agreed. It has slowed down some aspects of funding support to Ukraine. It has a reservation on one of the tranches of funding at the moment but, nevertheless, several billions of funding have gone to Ukraine from the

EU collectively and there are proposals for much more funding in that vein.

It has raised some questions about the politics of Ukraine, which have an effect on the decision-making that is going to come later this year around starting accession negotiations with Ukraine, but it has not yet formally blocked anything. As has been described, it complicates but does not stop progress.

Q2 Lord Lamont of Lerwick: Good afternoon, and welcome. Thank you for coming. How do you assess the overall state of co-operation between the UK, the EU and other partners—but primarily the UK and the EU? In what areas could there be improvement? What areas have done less well, and what areas have done well? Do you think this co-operation can be intensified and, if so, where?

Baroness Ashton of Upholland: The most obvious area that I expect to see intensified, which would benefit both the European Union and the UK substantially, and in a sense easily, is foreign and security policy. There was a great deal of surprise that that was not automatically continued after the Brexit decision, because many in Brussels and many member states of the EU assumed it lived alongside as well as within the relationship of Britain to the European Union. Moves in the direction of strengthening that, I think, will be welcomed, very important and easily achieved.

On where I think the relationships are now, there are some good and strong links with countries bilaterally and a sense, particularly with Prime Minister Sunak, of wanting to see the relationship with Brussels relax a bit more. But lots of things are going to change and be juggled around as the UK and Europe go into an election year. There will be an anticipation in Brussels and in London that things may not stay the same. The characters in Brussels are certainly going to change, and possibly the characters here, which means there could be an opportunity for rethinking some of those longer-term relationships within the context of Britain being outside the EU.

Sir Julian King: As you know very well, at the time of the referendum, immediately afterwards and during the subsequent negotiation process about the UK's exit, there were discussions in which people on both sides were saying, "Look, there are some shared interests and common threats. We should be seeing what we can do to maintain some elements of security co-operation". Equally, both sides, in my view, did things and said things that upset the other side and there were very minimal institutionalised security relationships at the end of that process—again as you well know; this committee has looked at some of that in the past.

But quite important things have changed. We are seven years further on. There is a bit less Sturm und Drang now; there is a little more positivity on both sides. People want to be pragmatic and practical. The geopolitics has changed—witness this inquiry—not only with Ukraine but with US-China tensions and reactions to that.

As we have already said, the developing thinking about the nature of security and defence, and shifts in the EU's own thinking about how it is going to relate to its neighbourhood and the new prospects of EU enlargement—which in many ways has been the most important security policy of the EU in the past—mean that there are new opportunities and some new complexity as well for the UK to explore, if it so chooses, in its relationship with the European Union on these security and defence matters.

Ukraine is driving some of that. There are ad hoc and particular arrangements—which we may get into in more detail—in the defence field on practical support to Ukraine, in the wider economic security field around sanctions, and in discussions about reconstruction. There are serious practical issues there that are taking things forward, but there are all sorts of other questions going beyond Ukraine, as I say, in particular around China and wider issues of economic security and resilience, that are on the table and will come up for further discussion.

Lord Lamont of Lerwick: On the last point that Sir Julian made about enlargement, I know it has always worked in the past, but the budgetary obstacles to enlargement and admitting Ukraine are absolutely enormous. A lot of countries that are now net recipients would no longer be net recipients in order to subsidise new members. One hardly dares think about the effect of Ukraine on the common agricultural policy. Is this really a practical proposition in the near future?

Baroness Ashton of Upholland: It is a political proposition, and from the political follows the practical. In the normal course of thinking about enlargement in the European Union, you are absolutely right—the practical starts to drive the agenda at least as much as the political—but these are not normal circumstances. The circumstances in which Ukraine is going to join the European Union are not only about the safety and security of Ukraine but about the nature and character of Europe itself. Despite all those practical considerations, there is no question but that there is a direction of travel and a momentum that will bring Ukraine to the EU.

What you will start to see—and we are beginning to hear it in the European Parliament and, indeed, within the Commission—is discussion about what will need to change or be dealt with for those practical considerations to be taken into account. You are completely right: when it comes to the moment that a country has to accept that there could be a big change in how the budget works or the number of MEPs and so on, that can be very daunting.

They will work to avoid any precipice, any cliff edge where that becomes an issue that could stop the process, by working out how to mitigate some of the practical problems and how to make it work effectively. My answer is simply that this is politics; practicalities follow.

Sir Julian King: You are, of course, right that there are some quite big practical hurdles. I spent five years doing the accession negotiations for

the central European accession, and some of the most difficult practical issues were around agriculture, heavy industry, old nuclear plants and free movement of people. All those are issues that are going to be posed in future enlargement as well—and obviously those are issues around Ukraine—but we overcame them because there was great political commitment at the end of the 1990s and the early 2000s to making that enlargement work. All the signs are, not least in part as a response to Russia's actions, that that political commitment is building up across the EU again.

The Chair: Baroness Ludford, staying with the longer term.

Q3 Baroness Ludford: Thank you very much, Chairman, and thank you very much to our witnesses today. I think next term is going to be a very exciting time to be in the European Parliament.

Can I just follow through from the last question, looking beyond the present crisis period of the Russian invasion of Ukraine to the longer-term implications for the UK-EU relationship in foreign security and defence policy? Sir Julian referred to ad hoc arrangements at the moment, but you have both variously talked about rethinking, new opportunities and positivity. Do those tend towards favouring a more structured framework for co-operation on foreign security and defence policy and, if so, what should this co-operation entail?

Baroness Ashton of Upholland: For my part, it would be helpful to make it more structured. There is a lot of talk about whether you could have the UK just outside the room when the Foreign Affairs Council meets, or how you could engage with the UK appropriately.

In the context of security and defence matters, there is already a well-trodden path of agreements that can be made between the EU and third countries that enable them to participate and to be part of missions that operate all over the world. I was responsible for signing some of those with other countries—for example, South Korea—so it is not inconceivable to look at those or to come up with an arrangement that gives certainty on both sides as to what the relationship looks like, especially on defence missions or on civil missions. The chains of command and the responsibilities that lie within each country really need to be thought about and, if you like, written down or mapped out in ways that are crystal clear to everybody because of all the rules of engagement and the way that the member states make the decisions in those particular contexts.

It is not inconceivable to do any of that, and I hope that we move to that because it is quite important to ensure that the voice that we can have in those debates is as clear and as well listened to as possible.

I will give a tiny example from when I chaired the Foreign Affairs Council for five years. One of the countries we worked very closely with on many issues—not surprisingly including energy, but also the Middle East—was Norway. We would invite the Norwegians to come to the Foreign Affairs Council on a very regular basis to give their views and contribute to

debates on the subjects that were of common interest or where we were working closely together. It is not inconceivable to think of an arrangement like that, or more solidly based than the one we had then which was a little too ad hoc.

Sir Julian King: The crisis—because that is what it has been since the Russian invasion—has definitely driven co-operation in new areas between the UK and the EU. Some very practical things around support to Ukraine, training, some supplies, and co-ordination around sanctions have worked rather well. Those things have come from dealing with the crisis. I suppose the case for thinking about a more structured relationship, if you wanted to go down that route, would be that you are building on that experience to, as it were, future-proof your relationship and make sure the momentum is there when, hopefully, there are quieter times.

You are also building in the possibility of co-operation becoming more of a habit and, therefore, the greater chance of overcoming difficulties and problems that might crop up. If we are talking about security and defence, there are issues about how third countries relate to the EU in these areas, and we may get on to them. You might stand a better chance of managing those within the context of a more structured relationship.

Of course, as the last question underlined, the EU itself is changing and evolving and will, quite possibly, further evolve in thinking about how it is going to enlarge to include different ways of relating to countries that are not members or are not members yet. If that happens, it may also open up possibilities that the UK might want to think about, and it might be easier for those to be pursued if you were in a more structured relationship.

The Chair: We are now coming on to a series of questions on sanctions. Just bearing in mind the time and wanting to get around the whole course of the questions we have, do not feel you both have to answer every question. If we can do it so that one or the other does, that is fine. I do not want to inhibit anyone, but we want to get through in the time available. Baroness Blackstone, the first sanctions question.

Q4 **Baroness Blackstone:** Can you give us your assessment of the co-ordination and co-operation between the EU and the UK on sanctions policies since the invasion of Ukraine by Russia?

Sir Julian King: I will have a go. During the course of your work, I hope you will be able to talk to some others who have been on the front line of some of this work, but my understanding, from talking to people who have been involved, is that the co-ordination has been pretty good. One of the reasons for that—and we are talking about institutions and structures—is that the G7 gave a safe space for the UK, the EU and indeed others, notably the US, to work together on thinking about sanctions and implementing them. Indeed, some of the most important sanctions have worked because they have been implemented not only by

the EU and the UK but through the G7. I am thinking about the oil price cap, for example. Even when things were a bit tense between the UK and the EU on other issues, that allowed a space in which the experts could work on this.

We have seen close practical co-operation about the formulation and implementation of specific sanctions, but that has spilled over to discussions around intelligence sharing, which is obviously absolutely vital in thinking about how to shape sanctions and how to pursue them, to try to counter circumvention.

There was joint engagement of the EU, the UK and the US with third countries—particularly third countries it was thought were possibly tempted to be engaged in some circumvention activities, whether in the Balkans or in other countries closer to Russia. And on thinking about how you make your sanctions work, and thinking about dealing with litigation. Very often sanctions are challenged, so you need to think about that.

It spilled over into thinking about wider policy issues that flow from the functioning of sanctions. In the UN framework, for example, there have been discussions around food security and support for the grain deal that flowed from the co-operation around sanctions. There has also been some work thinking about cyber sanctions and how that might work as well. All are, as I say, ad hoc and specific, but effective.

Baroness Blackstone: Can I just follow up on what you said, which was perhaps more positive than some other commentators? The House of Commons Select Committee last year produced a report in which it suggested that the UK has not been very successful in producing a clear and coherent strategy as far as sanctions are concerned, and that there is a need for a more structured framework for doing this and doing it with the EU.

Sir Julian King: I have read some of the comments around that. I relate to you what some of the people who have been involved in discussions more recently report.

Baroness Blackstone: Maybe it has got better since the report was produced last year. That is what you are implying by what you have just said. Is that right?

The Chair: We will not interpret silence one way or the other. Baroness Nicholson.

Q5 **Baroness Nicholson of Winterbourne:** Do our witnesses feel that we have had some new learning from the sanctions co-ordination between us and the European Union for other states against which we have sanctions? There are often ongoing sanctions nowadays. In other words, are we learning more about how to deal more effectively with something such as Iran because of our relationship with the EU in the context of Ukraine?

Baroness Ashton of Upholland: My experience of sanctions, because I was responsible for the co-ordination of sanctions that were put on by the European Union over the five years of my time in office—especially with Iran, of course—was that it is a constant learning process. The process by which you decide who or what is to be sanctioned is of itself quite complex. It means you have to have justifications, and those justifications need to be capable of standing up in a court of law because, increasingly, those who are sanctioned, be they individuals or entities, will challenge, and they will challenge in the courts quite quickly.

Although one begins from the principle that you want to sanction the right people and do it quickly, it has become a much more professional piece of work to look exactly at the logic of who you are sanctioning and why you are sanctioning them, such that it stands up in court. This is really important because nothing is more alarming than sanctioning people or things and then they are all overturned or, equally, not being able to explain why you cannot sanction things or people that—outside the rarefied atmosphere of those working on sanctions—may look glaringly obvious as people you would want to sanction, but you cannot because there is no legal justification for so doing.

Over time, the sanctions regimes in both the EU and the UK have got better, and the learning is done between countries and between organisations. When we were in the EU, we would put forward people we felt should be sanctioned; so would others. Now we have to do that for ourselves, but we can do it in collaboration with the EU.

Baroness Nicholson of Winterbourne: Do you foresee benefit in suggesting, therefore, that we have a resumption of a more structured sanctions mechanism with the European Union, or not?

Baroness Ashton of Upholland: The basis of the reason for having sanctions is to either stop something getting worse, stop something happening or throw it into reverse. The heavier the sanction, the more it is co-ordinated, the more it has an impact, the better—so co-ordination is everything.

The Chair: Given that the UK was a major provider into the EU of the information on which sanctions were based while we were a member, and that those relationships, as I understand, pretty much continue, would it be fair to say that this is a fairly natural area for an expansion of UK-EU co-operation on the basis of shared interests and that Britain has a lot to offer to the collective effort here?

Baroness Ashton of Upholland: There is no question—and you would know better than most—about the importance of that relationship and of information that the UK made available, and the way in which the UK played a substantial role in looking at how we did the sanctions and, indeed, on whom they would be put. The more that can be continued the better, because we are in the business, with the European Union, of trying to solve the problem that has resulted in our putting sanctions on. In my view, it should be an area of structured co-operation.

Lord Hannay of Chiswick: Can I just carry on from that to get a feel for this point? The Chairman has touched on exchanges of information, which is another way of describing intelligence and I do not want to go down that road in an open committee, but to what extent do you think that all this co-operation over Ukraine has now overcome the endlessly repeated Brussels slogan that "You do not seem to understand that you are a third country"? To what extent is it overcoming the fact that we heard, certainly in the early days of Brexit, that officials coming from London or officials stationed in Brussels were having the greatest difficulty seeing people in the Commission and getting into their office to talk to them? To what extent is that eroded, or are bits and pieces of it still left, and to what extent would it be easier to handle within a structured framework?

Sir Julian King: The positive account that we have been giving on co-operation on sanctions is specific to the discussion on sanctions, which itself goes into other areas as we have discussed. That has sat alongside the wider relationship, which this committee has been following and which has been difficult, including during the period that we are talking about, on some other subjects. That has not stopped. It is a positive that the practical co-operation we have been discussing around sanctions has not stopped, but nor has that practical co-operation on sanctions meant that some of the problems around the negotiations on the financing around Horizon, for example, were affected one way or the other.

Q6 **Baroness Anelay of St Johns:** Good afternoon. I would like to press a little more about one aspect of making sure that imposing sanctions is effective; this follows on from what Lord Hannay has just said. This committee had a letter from the Foreign Secretary with regard to our previous inquiry, which was about the relationship between the UK and the EU. On sanctions then, the Foreign Secretary said, "Owing to the dynamic nature of the situation ... we will continue to review options to maximise the efficiency of our cooperation with the EU going forward". Now, that sounds more open-minded. Since you are very open-minded people, I challenge you: what would you see as those options? Not necessarily that you are saying one is your particular choice, but what options do we have?

Baroness Ashton of Upholland: In terms of sanctions?

Baroness Anelay of St Johns: Indeed.

Baroness Ashton of Upholland: I will say a couple, and I am sure Julian will too. First, there is a discussion to be had about how far we are engaged in the decisions to put sanctions on in the first place. There has to be a discussion that starts with: is the response to this particular crisis or problem that we put on sanctions as part or the whole of our response? The first issue for me would be: is there an opportunity to have a more structured conversation about the decision to do so?

Following on from that, there are decisions about how far sanctions should be changed, ratcheted up, altered, et cetera, because in most cases, in the way that the EU works, you begin with one set of sanctions

but that is not where you end. It tends to be that they are ratcheted up over time to try to continue to add the pressure. There have always been different schools of thought about that, but that has generally been the way it has worked.

The question of how and when to do that would be something. I suppose what I am saying is that, as well as the technical linkage between the two that I talked about earlier, there is a political linkage: do we do this and when do we make it a stronger sanctions regime?

Sir Julian King: The only thing I will add—and it is particularly true around the whole question of Russia sanctions but it might apply in other areas as well in future—is that it is not just the EU that has been evolving its thinking on some of these issues. The G7 has quite significantly evolved its working as well, again driven by the crisis. A lot of this work has been framed within the G7, so the UK and the EU as very important actors but not the only actors. The detail and the amount of work that have gone into that are new, and it is a very interesting framework—as I said at the start, a safe space to explore some of these options for closer western co-operation.

The Chair: Very good, thank you. Can we go on to defence co-operation with Lord Wood?

Q7 **Lord Wood of Anfield:** It is nice to see you both. On defence procurement, one of the things that has been most remarked on is the way in which European co-ordination on weapons production has accelerated in the last year or so in response to the invasion of Ukraine by Russia. What should the UK's response to this development be? Do you think that UK co-operation with the European Union on increased co-ordination of their defence procurement activities is possible, likely or desirable, or will it be on terms that we would find punitive?

Baroness Ashton of Upholland: As you know, it is a huge subject and so I will try to contain in a few sentences something that I could talk about for an hour and a half, which is this whole ongoing question about the way in which you have defence procurement by the European Union.

When I was head of the European Defence Agency and chaired the Defence Ministers, it was my view that there was much more to be done in terms of collaboration between countries without taking away that they were sovereignly responsible for their own military. The example I often give people is that we would buy the same helicopter; 12 or 13 different countries would buy it, and they would change the colour or the strip or a bit of a control, and we would fail to get the economies of scale that were possible by trying to work together more effectively.

What has happened is that you have started to see the beginnings of procurement being thought about in a more European way. This was, in part, led by the way the Commission and the defence industry picked up this issue in the context of procurement, and the way they looked at

investment in those areas, which is new and something that Michel Barnier, for example, as Commissioner, was passionate about.

There are still big challenges—this will be my last comment—because of the relationship with the US in terms of procurement. The US is a huge supplier of materials, equipment, aircraft and so on, and there is the balance between Europe wanting to see the opportunity to develop its own industry and the Americans wanting to make sure that there is co-ordination, which means you have weaponry that can be worked on together.

My final example is the Libya campaign, when we worked out that there were very few countries in Europe that could do mid-air refuelling. One of the problems was reminiscent of Apollo 13, where you had square things in round holes. Making sure that you had training in mid-air refuelling, but also that the equipment was capable of being compatible between different air forces, was important and significant. Procurement covers a vast area of different things.

Sir Julian King: I just want to mention one other thing before saying something about procurement, because we are talking about defence support. Another area that has moved massively in recent years is the mobilisation of collective funding from the EU to support defence activity in third countries.

When Baroness Ashton was doing it, and when I was doing it for the UK, we would have trouble raising a few million to do security sector reform in a post-conflict country in Africa, for example. Now, the EU, collectively, has mobilised just short of €4 billion through the European Peace Facility to support Ukraine. There is a proposal on the table, which I think is going to get a lot of support, that over the next four years that should be increased by a further €20 billion. These are significant sums of money. I just wanted to mention that as one of the areas that, if we were thinking about how the UK might engage with the EU and how we organise our funding support—for Ukraine in this case, but there may be other cases in future—it would be worth thinking about.

On procurement, there is a big industrial policy dimension—there always has been and there always will be. This is linked and reinforced by concerns about economic security, reducing dependencies and building resilience. Across Europe, a number of Governments were quite surprised to discover they did not have the facilities any more for making bullets.

In another debate, a number of countries have been quite surprised that, as defence budgets have gone up very sharply recently, quite a lot of that money—indeed, in some cases, almost all of that money—is being spent on kit that comes not from the EU but very often from the US.

There are various factors driving a debate that says, “Hold on a second: we need to rebuild some of our industrial capability in the defence field and in order to do that, we should be willing to support it and think about how we support it through direct funding, subsidies, thinking about the

VAT rules, or finding ways of encouraging national investment in these fields". If you are pursuing those ideas, you can understand that politically, it is difficult to open up those schemes to all comers. So if you want to engage with that, you have to think about that politics and how you build a greater understanding that there is a community of countries that are facing similar threats and challenges, have shared objectives and should be trying to find ways of working together.

Specifically in this area, there are some real problems around the rules concerning third countries and access to funding and IP. The objective for the UK longer term might be to persuade people across the EU that in this respect, on these subjects, the UK is not a third country like any other third country.

Lord Wood of Anfield: Can I ask a slightly techie question about the European Peace Facility? Does the fact that it is off-budget make it easier for the UK to be co-operative with it in some future world, or does it make no difference practically?

Baroness Ashton of Upholland: I do not think it makes any difference, no.

Sir Julian King: It does not make an enormous amount of difference because you would have to have an agreement about how you are going to do it, but it is off-budget.

Lord Wood of Anfield: From the EU's point of view, is it easier?

Sir Julian King: From the EU's point of view, it is off-budget, and it is a pot they are looking to fund.

Lord Hannay of Chiswick: Are you saying that the rather disastrous decisions that took place over Galileo would not or might not now be taken in quite the same way? That was a case where the European Union simply ruled that, because we were a third country, we could not have anything to do with it on the security aspects.

Sir Julian King: I was partly responsible for that decision in terms of collective responsibility, although you can imagine that I was not necessarily arguing in favour of it. We referred to things that have changed. That decision was taken when the relationship was very difficult and there were various things that HMG had done that had caused upset on the EU side.

In retrospect, this is something that many people on the EU side may think was perhaps not done in quite the right way because it sent a message at the time that they did not regard the UK as a security partner. That is certainly not where we are now.

The Chair: Lord Hannay, you have a question now. Keep it fairly brief, please, because I want to give every colleague a chance to ask a question.

Q8 Lord Hannay of Chiswick: Turning now to EU-NATO relations, not UK-EU relations directly, the communiqué issued in July 2023 from the summit meeting of NATO stated: “For the strategic partnership between NATO and the EU, non-EU Allies’ fullest involvement in EU defence efforts is essential”, and looked forward to, “Mutual steps, representing tangible progress, in this area to support a strengthened strategic partnership”.

As a non-EU member of NATO, which is, of course, what the UK is, what steps should the UK take, or has it taken? This concept was contained in a NATO summit a year ago, as well as the one this July. What should the UK be doing to give effect to that? Should we be seeking third-party participation in additional EU defence programmes over and above the one we have signed up to—or are trying to sign up to—the PESCO Military Mobility project? Should we be seeking an administrative arrangement with the European Defence Agency?

Baroness Ashton of Upholland: I would argue that we should be doing as many different things as we can think of that are beneficial to the UK and to EU-NATO co-operation. In my time in office, we began a huge piece of work to improve the relationship between the EU and NATO and to ensure that all the defence work of the European Defence Agency—for example, on IEDs, on research and development, on helicopter training and so on—was relevant and recognised to be of benefit to NATO as well.

From my perspective, I would like to see the UK strengthen and develop its relationship as far as possible. You have to remember that in the context of the UK as a member of the EU, it was not the country that felt strongly about improving and strengthening European defence. Indeed, the UK was the country that did not want to see the European Defence Agency increase its budget or its operation. The reason for that was, largely, to try to ensure there was no accidental or deliberate way in which Europe started to be a competitor to NATO.

Those days have gone, in that the relationship between NATO and the EU has become stronger and more effective over time, and I am delighted, having started some of it, that it has been really well taken forward. We are in a different place now, so having those connections in any way that makes sense for the Government here, and for the future of that collaboration between the UN and NATO, would be really welcomed on all sides, but hugely beneficial for everybody.

Lord Hannay of Chiswick: Would you say that the United States has been moving ahead of the UK in formulating that attitude?

Baroness Ashton of Upholland: As you know, it has not always been the case, but with this US Government, the Biden Administration, very much so. Again, you have to look at this in the context of industrial development as well, which has been a big part, as Julian said, especially in the Commission’s thinking and in the potential rivalry about where things are bought, how they are developed and so on. That may be healthy and very important, but it needs to be managed.

Sir Julian King: In addition to those points there is a broader agenda of co-operation between NATO and the EU, covering things like space, emerging tech, climate, critical infrastructure, cyber, hybrid and resilience building. It is excellent that the two organisations are able to talk about that range of things. I think that is because both feel slightly more confident in their respective roles, so they are able to work together. The UK might want to play an active role in supporting those exchanges, because it takes you into other areas where the EU is active and some of its policies could have an effect on the UK.

The Chair: I should probably alert colleagues that we are likely to face votes shortly, which will lead to a suspension. I hope our witnesses can spare us an extra half an hour or so to complete the session when the voting is over, if possible. Pending that, I wonder if I could ask Lord Jay and Lord Liddell to put your questions on reconstruction one after the other, and then they can be dealt with as a whole.

Q9 **Lord Jay of Ewelme:** Thank you, Lord Chairman. At some stage we are going to have to start thinking quite carefully about the future reconstruction of Ukraine—even, I suspect, when some sort of conflict may still be continuing. I just wondered with whom and how you thought the UK should co-operate with the EU and other partners, and when we should do that. Is it something we should be doing now, thinking ahead to what the position will be, whenever that may be, or is it something we wait for?

Q10 **Lord Liddle:** I am interested in our overall attitude to Ukraine's desire to be a member of the EU: what attitude should Britain take to that as a non-member of the EU? How do we handle the fact that as a non-member, we are outside, but Ukraine wants to be a member and is co-operating with the EU in reconstruction?

Baroness Ashton of Upholland: I would say two things. First, you can never start early enough in thinking about the end of a conflict and what happens next. It is my view that we have to think about how the conflict will end, what Ukraine will need to do and how we are all going to have to respond to that. There are an awful lot of things to contemplate, whether the conflict lasts for months or years.

Reconstruction is a big part of that, because we do not know the exact state of the country physically or economically at the end of the conflict. Your point about starting to reconstruct while conflict continues is really valid, because this conflict, as I always remind people, has been going on for a decade. It is not new.

The Chair: On that note, I am going to have to suspend the session until the votes are over. I cannot tell you exactly how long that will be, but I will ask for witnesses' forbearance while votes take place.

The committee suspended for Divisions in the House.

The Chair: Welcome back to the resumed session of the European Affairs Committee inquiry evidence session, which was interrupted by three

votes. We were discussing the whole issue of reconstruction of Ukraine and what attitude the UK should take to the issue of Ukraine joining the EU. I am going to ask both Baroness Ashton and Sir Julian to have one further answer on that, and then we are going to move to a group of questions on future relations with the EU.

Baroness Ashton of Upholland: The UK's attitude to Ukraine joining the EU, in my opinion, should be wholly supportive. Strategically, it is quite clear that for Ukraine's development and its determination of its future direction, it is best found within the family of the European Union. Strategically and politically, it is where it belongs, and it wishes to see itself as European. That provides the best opportunity and the best chance for the country to develop and grow in the way it always planned, from way back, when we were trying to sign the association agreement that had been negotiated over seven years and which led, as everyone knows, in 2013, to the very beginning of this conflict. So, that is pretty straightforward.

In terms of reconstruction, I have already said that we need to think about these things now. It is very important that the UK is doing so in collaboration with the European Union and making sure that what it is offering is going to be part of this broader programme. Ukraine has suffered enormously not only in terms of the loss of its people but of its physical infrastructure. It needs us to get co-ordinated rather than expect it to co-ordinate us, which is too often what happens in times of crisis: everybody piles in instead of co-ordinating themselves and making one concerted offer, which is what I hope we will do in the future.

Sir Julian King: On the last point on reconstruction, there is reconstruction going on now. The UN does various assessments, including short-term assessments, and that is part of Ukraine's resistance, so we should support that. There is also a lot of work being done now about the medium to longer term. The UK recently hosted a conference, as you know, at which the EU unveiled proposals for a €50 billion plan over four years, which raises some questions about funding. But it is doing work internally and with Ukraine at the moment on how to organise that plan. It is important that we engage in those discussions.

There are lots of actors in this space: to name just a few, the World Bank, the EIB and EBRD. There are sectoral actors: the WHO is doing work on health, the ITU is doing work on telecoms infrastructure. As Cathy was saying, all those actors are trying to co-ordinate—because it is not fair to expect Ukraine to co-ordinate them—and one of the frameworks for that co-ordination is called the Multi-agency Donor Coordination Platform for Ukraine, which is housed in a Commission building. There are some UK participants in that, so we are inside and I think we are both saying we should support and continue that work.

Lord Liddle: One of the competitive advantages Ukraine has is a highly technical technological defence industry, which of course produces quite cheaply by western standards. If we are not part of the European defence system, would we not just get cut out of that opportunity?

Baroness Ashton of Upholland: It is a risk. I would not necessarily say it will happen, but as you know, one of the things the EU has spent a lot of time looking at is technology in Ukraine, especially in defence, but also more broadly, including in agriculture. Ukraine is a hugely important country in terms of feeding people in the future, witnessed not just by what is happening on grain, but also by the potential. Those were exactly the issues we had spent seven years negotiating and talking to them about—the ways of getting European investment in there to be able to develop those industries and activities.

The Chair: Thank you very much; that is very useful. Coming on to how European foreign policy might develop in the future, Lord Trenchard.

Viscount Trenchard: Some experts have identified a more geopolitical EU, or an EU that is more coherent as a geopolitical player, and one that is more assertive and, may I say, confident in its role as a foreign policy and security actor, especially following the Russian invasion of Ukraine. Do you agree with that assessment, and what implications does it have for the UK? If it is true that this is a change in how the EU acts in foreign affairs and security matters, do you expect these changes to be durable in the longer term? Would they survive, for example, a resolution of the current conflict?

Baroness Ashton of Upholland: The reality is that the EU has been moving towards a bigger geopolitical role for much longer than the Ukraine crisis. The whole basis of the bits of the Lisbon treaty that defined the role I found myself undertaking was 10 years in the making before we even got to the treaty being implemented. So, for the last almost 20 years, the EU has been thinking about how to take this massive economic clout, as the biggest economic bloc in the world, and translate that into also being able to work together on issues of security, defence and especially foreign policy.

When I was appointed, we were trying to build something that has continued. The war in Ukraine has undoubtedly accelerated that, and perhaps made it more obvious to people that there is a lot of underpinning work that has gone on to bring the countries together. But in the five years that I chaired the General Affairs Council, which was 50 times formally and 12 times informally, we never voted, and we never failed to reach conclusion and resolution. The reason I mention that is that there has been a push within the European Union for a long time to try to develop this role, and I am sure this trajectory will continue long after this conflict has finished.

Sir Julian King: I am sure that is right because I got to live a little of it, picking up some of the things that Cathy had started and building on them. I was the first specifically tasked member of the Commission to work on security issues, but it was reflecting the reality that the notion of security has broadened. A much wider set of issues are now dealt with under security—not just counter-terrorism, cyber, hybrid, disinformation, critical infrastructure, resilience and so on, but the whole economic security agenda.

That has been accelerated by the awareness of dependencies, particularly on energy, following Russia's invasion of Ukraine, but which started before. Across Europe there was a hardening of attitude around China and China's behaviours—including its economic behaviours, such as subsidising industries and dumping product—which has definitely become more serious, more integrated into thinking about the geopolitics and how the EU fits into that. This is a secular movement that will certainly continue.

- Q11 Lord Hannay of Chiswick:** What is your understanding of the concept of this strange animal known as EU strategic autonomy—the pushmi-pullyu of the European Union, perhaps—and how it has evolved since the Russian invasion of Ukraine? To what extent will the way it evolves, or perhaps does not evolve, affect the relationship between the EU and the UK?

The Chair: Baroness Ludford, do you want to add your question as well, and then we will have one collective answer?

- Q12 Baroness Ludford:** We touched on the prospect of EU enlargement to include Ukraine, but do you think that the Russian invasion makes further enlargement of the EU beyond Ukraine more likely? If so, which countries would you expect that to apply to and to what sort of timescale, including Ukraine? What implications would EU enlargement have for the UK? Would enlargement require further internal reforms of the EU: for instance, on budget and decision-making procedures—all the old chestnuts?

Baroness Ashton of Upholland: Strategic autonomy is a phrase that gets thrown around and, depending on which room you are in and with which people, it means different things. There has long been a question about how Europe is meant to operate as an entity in itself, in terms of its capacity to resolve issues that directly affect itself, how far it is beholden to external forces—the United States, for example—and how far it is able to determine a policy and strategy of its own. That has been going on, as I recall, for a very long time.

When I became high representative, one of the things I sought to do was to demonstrate that Europe was capable of addressing, and hopefully resolving, problems in what I described as its own backyard. An example I always give was the work on the western Balkans and especially in Serbia and Kosovo. We collaborated very closely in doing that with the United States of America, but it was an EU-driven programme, very deliberately so. When I look at it now, in the wake of having had a US President in President Trump who was much less committed to the concept of the European Union, or indeed to America's role within Europe, one could argue that there has been a push on to the EU to think about how it works as a machine by itself and how far it is able to carry on coming up with strategies, and problem-tackling by itself. I could go on, but that is a rough answer.

When it comes to enlargement, in resolving the conflict with Ukraine—the invasion by Russia—we should not forget what is going on in Moldova and Transnistria, and the barbed wire that exists in Georgia. There are areas of Georgia not under Georgian control, which has been going on for a very long time. In thinking about a regional architecture for Europe, we must not forget those two other countries. It is not inconceivable, when you look at how to resolve that, that they could become, in the future, members of the European Union. But the bigger the European Union gets, the broader it is, the bigger the populations, the larger the countries, and the more intricate the challenges, the more the EU will inevitably need to change to be able to address those. It is not just about the money and the budget—I know you were not suggesting it was—it is much more about how it is going to work as a team when you have countries that come in with big populations and huge needs and issues to be addressed.

In terms of a timescale, all the countries that have come into the EU in recent times have come in initially with a huge ambition to complete it in two years; and then five years; and then they get the *acquis*, all the chapters to be opened and closed, and time moves on at a much slower pace than they had wished. In truth, unless you come up with a different kind of membership—that has been thrown around as a vague proposition—it will take some considerable time for Ukraine and others to complete all that work and actually get through the door.

Sir Julian King: On the question of strategic autonomy, I think the most likely development is that it is going to go from the general, sometimes slightly theoretical discussion to concrete policy areas. So, it will be driven not just by Russia-Ukraine but by wider concerns about the EU's role in the world economy, tensions between the US and China, and the emergence of other powers and power blocs. There will be a focus on what the EU needs to do to reinforce its self-sufficiency and reduce dependencies—to build its resilience—which will be in particular areas of industrial policy and areas where there is a security dimension, pieces of critical infrastructure and, as we have touched upon, the defence area.

The change in the next period will be less theory and more practical issues. This will throw up lots of problems and will be very difficult, but I think there is a real commitment on the part of the EU member states to try to move in that direction. It will pose issues for all countries outside the EU in how they engage with the EU on those issues, including for the UK.

On enlargement, there are a lot of countries in the EU that have made it clear that Ukraine is priority, but it is not just about Ukraine. There are other countries that already have candidate status or are on the verge of being given candidate status. There are the western Balkans and Moldova. There is debate around Georgia; there is debate around Kosovo, which is more complicated. Those countries will be pulled along by Ukraine and the impetus behind the debate around enlargement to Ukraine. They will reinforce the need for the EU itself to think about how it organises itself.

There was an earlier question about the scale of the problems that Ukraine poses. Some of these other countries—some of the smaller countries—also pose problems about how the EU is going to organise itself if it grows to have a number of new members. That has led to the debate about thinking around forms of gradual accession: are there different speeds and different spheres of activity into which you could integrate countries?

That discussion is at a very early stage and will be very complicated because it does cut across questions of funding, but I think it is coming. It is not entirely unprecedented because in previous accessions there have been transition periods—in other words, people have been brought in over time—but there is probably going to be a need for new thinking about different forms of association with different parts of the EU structures and activities.

Will that open up opportunities for other countries that want to engage in a closer relationship in particular areas—for example, on security and defence? It may do, but the structure and the approach are going to be about how to deal with countries that are moving towards joining the EU. They are on a course towards becoming, sooner or later, members of the EU collective. Whether that really translates, and the extent to which that might translate, into new forms of association for other countries that do not aspire to be part of the EU, in whatever timescale, we shall have to see.

Lord Hannay of Chiswick: You are going to have to take in the relationship with Turkey, which is a candidate but is not going to become a member, partly due to its own activities. Surely, that is quite an important part of the answer to the question about how the EU handles its future relationship with other European countries.

Baroness Ashton of Upholland: Absolutely. Turkey could become quite critical in this, and you have started to hear noises about reinvigorating the application from Turkey, which is very long-standing, and all the implications of that. I see you shaking your head—like you, I am not sure that is going to happen in any way, but there are some serious implications. And there are implications because Governments in countries change, ideas change and so on, so we are always in a slight state of flux. I used to say, in the European Union there is always an election somewhere. In countries aspiring to join the EU, there will be elections and changes, and that will have implications too for the speed with which things move.

The Chair: We really do need to let our witnesses go, but I know Baroness Nicholson is very keen to have one further word.

Baroness Nicholson of Winterbourne: Thank you so much for all the information you have both given us; it has been absolutely tremendous. My thinking is that we have managed to discuss at great length Ukraine, quite rightly, but we have not actually included in any of the discussion that I can find so far the other part of the new enlargement, which is our

dear friend Moldova. It has almost no European heritage at all because of the 1932 sweeping clean of the country, but it is going to come into the European Union. Is that not going to be really quite a challenge, and how much do you think Britain should be involved?

The Chair: A brief comment on Moldova, so as not to leave Moldova out of our discussion, as Baroness Nicholson says.

Baroness Ashton of Upholland: It is important, and as I was saying, Transnistria and all that happens there is of enormous significance. But in the context of how the UK operates and sees the future enlargement of the EU, it will need to work out a position that it thinks is sustainable and sensible. Even though, for example, we are not in the EU, there is still a lot of positive work going on to support the countries of the western Balkans in their aspiration to be in the EU. Britain and its ambassadors are playing a role in that. So, there are opportunities to try to support the future of the European Union for countries where we can see the absolute positive reasons for them to be part of it.

The Chair: A very good note to finish our discussion on. Thank you very much to both our witnesses. We have kept you here for two hours, with half an hour intermission, and have been very grateful for all your insights. It has been an excellent start to our inquiry. Thank you both very much indeed.