HOUSE OF LORDS

# European Affairs Committee

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

Tuesday 19 September 2023

4.25 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 Scott of Needham Market; Viscount Trenchard; Lord Wood of Anfield

Evidence Session No. 2 Heard in Public Questions 13 - 22

## Witnesses

I: Radosław Sikorski; Nathalie Loiseau.

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# Examination of witnesses

Radosław Sikorski and Nathalie Loiseau.

Q13 **The Chair:** Welcome to the European Affairs Committee's inquiry into the implications of the situation in Ukraine for UK-EU relations. We are delighted to have with us today two very distinguished Members of the European Parliament: Madame Nathalie Loiseau and Radek Sikorski. We have an hour to go through a lot of the issues that are on our minds in this inquiry. We will produce a transcript and you will, of course, have the opportunity to correct it before it is put into the public domain.

Welcoming you both very much to the committee, I thought I would start proceedings with an open question to get things under way. How would you rate the EU's overall response to the Russian invasion of Ukraine as of now? Where do you think there have been significant important departures from previous EU practice in response to the war?

***Nathalie Loiseau:*** Thank you very much and good afternoon to all of you. The war in Ukraine came as a wake-up call for the European Union, which was and remains a project for peace and had not taken European defence initiatives as seriously as it should have before then.

There was a cultural revolution in many aspects. The European Union's response has been massive: humanitarian assistance; welcoming Ukrainian refuges and providing them with special protected status; and financial assistance, on which we are usually not that bad. The real difference was in engaging in military support for Ukraine, with different packages of military support financed by a special instrument recently created by the European Union, the European Peace Facility.

I shall give you a few numbers on the EU's help. At the end of June 2023, financial and economic support was €38.3 billion. The EU has proposed a Ukrainian facility of €50 billion for 2024-27, giving Ukraine visibility. There is €2.6 billion of humanitarian assistance for Ukraine and its member states, with more than €500 million for civil protection. There is €17 billion for welcoming refugees.

There is training of the Ukrainian military. Of course, we had trained foreign military before, but never to that extent. We will reach 30,000 trained troops before the end of October and we are upgrading our objectives.

We have reached the eighth support package of military support through the European Peace Facility, which is currently blocked because of the opposition of one member state.

A lot has been done that was not possible to imagine before, not to mention sanctions vis-à-vis Russia. We were quite good at sanctioning third states before but not to that extent—not going as far as we have.

***Radosław Sikorski:*** I endorse every word of Chairman Loiseau and supplement that by saying that, when you compare the contributions of

the European Union and the United States, you should remember the difference in constitutions. Everything in the United States goes through Washington. If you add what the EU institutions and member states have done, you get very similar numbers: roughly €76 billion so far. We already have plans to spend €500 million on ammunition production. There is a filing from the high representative to help Ukraine more with weapons and we are already preparing for reconstruction.

In my view, the European Union has overperformed in response to the crisis, whereas Russia has underperformed. I believe that this emergency has united Europeans and created a psychological basis for a strong European defence.

We are aware how lucky we have been. If Joe Biden was not in the White House and the United States was engaged somewhere else, Ukraine might not have been as supported as it has been. This is an argument for being better prepared in case we are not so lucky in future.

**The Chair:** I should have said that two of our members are online: Baroness Scott and Lord Trenchard, who is in Japan showing his commitment to the work of the House of Lords; I thank him—it must be very late at night.

Q14 **Baroness Scott of Needham Market:** Good afternoon. I am in Suffolk so we are still in the same time zone, as far as I know. Thank you so much to both of you for coming today. I want to start by asking each of you to give an assessment of the relationship between the EU and UK as the situation in Ukraine developed and unfolded. Where has it worked well and where has it worked less well?

***Nathalie Loiseau:*** We all remember that, despite the fact that we share the same security concerns and geopolitical priorities, we missed an opportunity when we negotiated our new partnership between the EU and UK to have a framework agreement on foreign policy, security and defence. The EU was ready but Prime Minister Johnson did not want to go in that direction. Fortunately, the war in Ukraine has brought us closer together. We share the same goal: Ukraine's victory and a sustainable weakening of the military aggressiveness of Russia.

Co-operation between the EU and the UK has been implemented in a number of places, despite the fact that there is no specific place to examine and discuss together the instruments of co-operation. That has been done through the G7, within NATO, bilaterally, and, sometimes, on the ground between the EU and the UK.

We are aligned on sanctions but it is not automatic. Every time we or the UK decide sanctions, it takes time to exchange views, information or intelligence to make sure that we understand the reasons of our partner and try to improve our own sanctions systems.

We participate in the G7 in what is called REPO—the Russian Elites, Proxies and Oligarchs Task Force. It is of course very helpful but we have different lists and they do not enter into force at exactly the same

moment. We work together to try to map an account for Russian sovereign assets that are immobilised—thanks, once again, to REPO. We work together in the European political community, where there are a lot of political exchanges.

Training and Ukraine's needs with military equipment have been discussed in Ramstein, with good co-ordination between donors of military equipment: the US, the UK, Canada and others, and the European Union. We have observed that there is a lot of co-operation on training on the ground between EU and British trainers in training the Ukrainian military. It is a very good thing. Us Members of the European Parliament strongly insisted on making sure that there were exchanges of experience and good practice and that we were addressing the real operational needs of the Ukrainian army, but it relies only on people's good will. I hope that the atmosphere between the UK and the EU will not turn bitter but I do not know whether we would have an adequate structure to maintain that good co-operation.

***Radosław Sikorski:*** I believe that Britain has had two major influences on the way in which the European Union has dealt with the war against Ukraine.

First, Britain was early in supplying defensive weapons to Ukraine. This is your advantage. We are much bigger. We have more money but we are slow. You can act faster. You can encourage other allies to do the right thing. By supplying NLAWs—anti-tank missiles—early on, you encouraged other Europeans to supply other types of weapons. This is an honourable and very useful role that Britain can play.

The second influence is paradoxical. Chairman Loiseau mentioned the European Peace Facility, our wonderfully named defence budget. It is €7 billion in this multiannual financial framework; it was originally supposed to be €14 billion. We have mostly spent it on weapons deliveries to Ukraine. Think what a revolution that is. Three years ago, it would have been unthinkable for the EU to buy weapons to deliver to a third country. This facility—this budget—would never have been created if Britain were still a member of the EU. So it is a real benefit of Brexit.

**The Chair:** Bravo. Very good.

Q15 **Lord Hannay of Chiswick:** Both your answers to the previous question take us on to the desirability of a structured framework for co-operation between the UK and the EU. I am sure that it has not escaped your notice that, when this committee produced its report on the future of UK-EU relations at the end of April, it gave pretty big prominence to the desirability of a structured framework.

Do you feel that such a framework should now be established for co-operation on foreign, defence and security policy? It was foreseen in the political declaration so it is not dependent on the TCA. It is separate from the TCA but, as Madame Loiseau said, it was dropped by the then British Prime Minister, who seemed to think that it was unnecessary. That was

before Ukraine and before the full assertiveness of China became apparent.

Can you comment on whether such a structured framework should now be established? If so, what sort of issues would it need to address? Should they be nitty-gritty issues, such as the implementation of sanctions, or should they be big geopolitical issues, such as handling policy on China or Russia—or, indeed, other challenges and threats that we face together not as members of the European Union but as Europeans? Perhaps you could say a little about what it could do if it came into being and whether it should do so.

***Radosław Sikorski:*** I believe that Britain could be included in two formats. The first is what we have with the United States: the Trade and Technology Council. We discuss common standards, exchange information about incoming and outgoing investments and try to set minimum ethical standards for production, research and other issues. It will, I hope, do the job that CoCom did during the Cold War in denying bad actors some of the advantages of the free world. As in those days, it should involve like-minded democracies: not only Britain but Canada, South Korea, Japan and Australia could be included. The united West would then be much more influential.

On the EU-UK side, I believe that European defence is coming. The peoples of Europe are demanding a second insurance policy. We are in the process of building up and reinforcing the brigade, which will only supplement what NATO does, but it would be capable of addressing crises on the other side of the Mediterranean, in the Balkans or perhaps with satrapies such as Belarus. It cannot do NATO's job but it could do lower-order tasks. From my recent conversations in Washington and the Pentagon, I draw the conclusion that the US would be strongly in favour of it. The Americans would be pleased if we shared the burden, particularly if they were to get engaged in the Pacific.

In my view, Britain would be a very valuable partner because defence is your strong asset. The difficulty would be finding the institutional framework. The DNA of the EU is to differentiate between members and non-members. This requires legal and political work. I do not have the answer to how it could be done but it should be done.

**Lord Hannay of Chiswick:** There was a case, Galileo—in my view, a bad case—in which it proved impossible to continue co-operation that was already under way. It is an illustration of what you just said about the difficulty of surmounting some of the legal and constitutional complexities. Perhaps you, Madame Loiseau, could say something about the other areas of foreign policy where such co-operation would be valuable.

***Nathalie Loiseau:*** I definitely think that, because of Ukraine and the instability in the rest of the world, it is our common interest to have more structured co-operation in foreign policy and defence. We always look

forward to a stronger European pillar of NATO but it can be built only if the EU and the UK work together.

Some things that we already do are going in the right direction. Military mobility, for instance, has been a buzzword for some time—something that NATO was looking for but the EU is starting to implement. The UK wants to join; I hope that a concrete implementation of the UK joining the military mobility will be possible quite soon.

You mentioned Galileo. Let us remember that the rules on the restricted Galileo programme were invented and drafted at the strong insistence of the United Kingdom, when it was a member state, to avoid a third state being able to participate in the manufacturing of a special model for this restricted programme. If the United Kingdom asked for the same access to GPS, I doubt that it would be granted because you would not be considered in the same way as the US. That is how it is. It is regrettable. I will not go further into the list of what is regrettable because of Brexit but it has had consequences.

There are many things on which we can do more together, such as CSDP missions, even without building something complex. The UK was a member of EU Althea, a mission in Bosnia and Herzegovina—a country to which the UK has been very committed since the 1990s. For no obvious reason, the UK withdrew from EU Althea. We all know that, right now, the situation in Bosnia and Herzegovina is very tense and that, if something happens, it will have consequences for the whole of Europe. It is a pity that you no longer participate in EU Althea. You were replaced by Turkey, which has different priorities in terms of the way in which it looks at the situation.

There is the maritime—naval—Operation Atalanta in the Indian Ocean. You even had the headquarters in the UK. We all pride ourselves on talking about Indo-Pacific strategy but it is not only a theme for beautiful speeches; it has to be implemented with concrete actions. The Indo-Pacific is huge. If we do not team up to work together in this part of the world, it is not the UK by itself or the EU by itself that will make a difference. Why do you not come back into this naval operation where we are fighting against trafficking? Why do we not exchange information and intelligence on this place? Why do we not have a co-ordinated maritime presence in the Pacific to make sure that, if one warship goes, it is replaced by another from another country in Europe and not only from the European Union?

These are concrete examples of places in the world where we need to work together. Your headlines are obsessed with migration, as are ours. We focus on the consequences of small boats reaching British shores or migrants reaching Lampedusa in Italy. When are we going to team up to address together the issues of transit countries such as Libya and Tunisia and migrants' countries of origin, such as Sudan and Ethiopia? We cannot be serious if we do not work together on these countries. Too often, even in the European Union, we have competed with each other. Too often, we

have gone separately. Look at Libya, where Italy and my home country thought that they were smarter than others and went on their own.

There are places where other third countries are present, such as Russia or Turkey. Is it so far away from our main concerns that we cannot make an effort to team up and work together to make parts of the southern Mediterranean a little more stable and a little better controlled? These are fields where good will and ad hoc co-operation will not be enough.

**The Chair:** Do you, Mr Sikorski, think it is at all feasible that the EU would agree to open up the EU-US Trade and Technology Council to a wider group of western allies as a co-ordination forum? I can see the attractiveness of it; I just wonder whether it would even be feasible on the EU side.

***Radosław Sikorski:*** I have argued for it from the rostrum in Strasbourg and Brussels and I have talked to people at the Commission. I cannot tell you what the balance of opinion is but people certainly perk up and are interested. There is an obvious argument for increasing its effectiveness. I would let it run for a little while to see how effective it is in its current form, then I think we will be ready to consider inviting fellow democracies.

**The Chair:** That is very interesting. Let us move on to a couple of questions on sanctions co-operation.

Q16 **Viscount Trenchard:** How do you assess co-ordination and co-operation between the EU, the UK and others in relation to sanctions against Russia and Belarus? I was interested to hear that Mr Sikorski thought that the UK was able to move quickly and independently but the EU was not in the overall response. Did the same apply to the response on sanctions? After a quick response from the UK, we co-operated pretty well. I was happy that Sir Julian King, no less, thought that the co-operation between the UK and the EU was working very well. Do you think that there is a need for greater co-operation on sanctions policy more widely?

***Radosław Sikorski:*** I think that it is crucial because sanctions are a moving feast. It is not enough to impose them once; you have to plug holes that companies and potential breakers of sanctions find. It needs constant collaboration. We are much more effective when the lists of sanctioned institutions, companies or individuals on both sides of the Atlantic and on both sides of the channel are similar. There is an overwhelming argument for co-ordinating here. With the UK being a major financial centre, we would expect British leadership on action against tax havens, money laundering and using property as a way to hide wealth. You have a lot of experience in these matters and your actions would be highly appreciated.

***Nathalie Loiseau:*** I fully understand that the UK wants to keep its decision-making autonomy, which sometimes makes it more agile—especially now that the European Union's rule of unanimity means that we need to have 27 member states agree on the next package of

sanctions, which is not always easy. However, co-ordination does not go against decision-making autonomy. We should ally your agility and our common weight because it is not enough to be agile; if sanctions are to be effective, it is about more countries and more GDP working together, putting pressure on Russia.

Even more importantly, fighting together against the circumvention of sanctions is key. We are doing a good job on this. Our special envoy, David O'Sullivan, works with the director of your UK sanctions directorate; they have travelled together to third states such as Kazakhstan and Kyrgyzstan. I am waiting to see them go together to Azerbaijan because we are closing our eyes to the fact that so-called Azeri gas and Azeri oil are most probably at least partly Russian oil and Russian gas. So we should have open eyes and realise what we are doing.

However, it is not enough to have sanctions packages. We have to make sure that they are implemented in every European country. There are differences; more and more, we read interesting studies showing how, here and there, it is not taking place exactly as we thought it would. We have to be vigilant and have scrutiny of the implementation of sanctions and exchanges between parliamentarians on what we find out in order not to fool ourselves and be more effective.

***Radosław Sikorski:*** Personally, I was pleased to see the G7 decision, in which the UK and the EU participated, that Russia will regain access to its frozen central bank reserves only when she pays reparations to Ukraine. That is crucial. I urge the UK to keep in mind that we need to prevent Russia rebuilding its army when it is still engaged in hostile activities against its neighbours.

**The Chair:** That perhaps is a good bridge to the enforcement and effectiveness of sanctions.

Q17 **Baroness Blackstone:** We heard evidence from a number of witnesses in our previous inquiry who suggested that the effectiveness and enforcement of sanctions were not as good as they might be. Can you comment on that and suggest what could be done to make that effectiveness and enforcement more positive, such that we can feel completely at ease about it? This is a huge and difficult problem, obviously. You might want to comment, as you answer this question, on which of the sectors you think are most problematic from the point of view of both effectiveness and enforcement.

***Radosław Sikorski:*** I understand that our sanctions apply to both the selling of Russian goods and to Russia buying goods. No sanctions are perfect but Russian foreign income from the sale of its oil and gas has dropped because it is having to sell to intermediaries or to alternative markets such as India and China at a huge discount, so Mr Putin has less money to prosecute his war.

Military analysts tell me that our sanctions are more effective in, for example, restricting chips for Russia to be able to build missiles and other advanced weapons. Here, I think that we can be quite effective. The battlefield shows that Russia is paying a price. If, three years ago, we were in this room and we speculated that Russia might have to turn for high-quality weapons to Iran or for ammunition to North Korea, we would not have believed it, yet it is a reality today.

**The Chair:** Do you think that the EU and the UK ought to be considering now how to consolidate the progress that we have made on sanctions co-operation on Ukraine and Russia to, more generally, machinery to make sure that we can work well on sanctions in future?

***Nathalie Loiseau:*** I definitely think so. There has always been a lot of knowledge in the UK about financial sanctions; the EU benefited from that knowledge when the UK was a member state. It is still needed. We have to make sure that the sharing of information and joint efforts for enforcement and the fight against circumvention continue not only when it is Russia or Belarus but every time we decide sanctions, because we basically have the same objectives and it only strengthens our case if we are ready to work together.

We are also learning by doing. The kinds of sanctions that we decided for Russia are unprecedented. To answer your question, yes, they can still be improved. It is a question of political will—there is reluctance among some sectors or some countries—but there is also learning by doing. Sometimes you discover that the system you have put in place is not as efficient as you thought it was and you can improve it, hence the exchanges of lessons learned and good practices. We are fighting the same fight so I definitely think that having a permanent framework of co-operation on sanctions is necessary.

**Baroness Blackstone:** I am interested in your confidence about the UK's ability to bring about effective sanctions in the financial sector. Endless articles, even books, have been written about how poor we have been in dealing with the huge amount of money laundering that has gone on, with dirty money from not just Russia but many other countries being transferred through British banks and other British institutions.

***Nathalie Loiseau:*** Technical knowledge and political will are always two very different things.

***Radosław Sikorski:*** I have alluded to it before but I think that it would be wonderful if we could co-ordinate our actions against tax havens. Neither you nor we ever legislate for these things to be created. You only need them to hide wealth and avoid taxation. It is estimated that $50 trillion is hidden away in tax havens. Think of what we could do with the money if it were properly taxed or brought back home. Much of it is managed through powers of attorney from European financial centres. Obviously, it would require common action.

**The Chair:** We will now turn to defence co-operation more broadly.

Q18 **Lord Jay of Ewelme:** Since the invasion of Ukraine, the EU has taken a more autonomous approach to increasing weapons production among member states. Should the UK co-operate with such initiatives? If so, how should we do it—indeed, would it be welcome?

***Nathalie Loiseau:*** Out of urgency, the first initiatives that were taken by the European Union were not accompanied by criteria linked to production in the European Union. The European Peace Facility is not conditional on sending military equipment manufactured in the European Union. There is actually no geographical condition at all.

When we worked on providing ammunition, the first step was to empty our stockpiles and prioritise existing orders in order to be able to send ammunition to Ukraine wherever it was manufactured. The second level was joint procurement; it was not limited to joint procurement of ammunition manufactured in the European Union. The third layer, with the European Union's budget, was a ramping up of our manufacturing efforts.

We will go further in this direction because we all face the same problem. Our defence industry, the British defence industry and the US defence industry will lose the battle if they do not ramp up their production. We have never seen the need for such high consumption of ammunition and military equipment as we are facing in Ukraine. There has to be effort everywhere. Money has to go everywhere for ramping up military equipment.

We face the reality of the fragmentation of our industries, which is a weakness for us all. We have to make sure that our equipment is interoperable. If we send pilots to Ukraine, we have to make sure that we do not have to train them or the military on a dozen different pieces of equipment. That is more or less what we are facing now.

There needs to be better structuring of European industry—I am not saying European Union industry; I am saying European industry—because we know that we have a number of companies that work in the UK and the European Union. We have to de-zone the way we work. At the moment, where money is involved, we can have programmes together, but British money has to be brought to the programme.

**Lord Jay of Ewelme:** You can imagine, therefore, British money being brought to an EU programme, with interoperability between the two as a result. That would be a satisfactory outcome, would it?

***Nathalie Loiseau:*** We have to realise what we are facing. Brexit took place before we realised that the world had changed and this change will not disappear in a few years' time. We have to be more creative in the way we work together. You need to work with European companies as much as they need to work with British companies.

***Radosław Sikorski:*** I am not sure what scope there is but I am very frustrated by the fact that we are making the same mistakes on both sides of the channel. Some of our decision-makers still think that this war

will go away and will not be a medium-term to long-term challenge, whereas I think it will be. Therefore, we have not yet properly ramped up the production of equipment and ammunition. We are still sending to Ukraine what we have in our stocks.

We need to realise that, for companies to restart production lines, they need to be sure that it will not be for a year or two but either for a decade or that they will be paid for maintaining the production lines. Otherwise, they cannot make investment decisions. People who know tell me that this has not yet happened, that we are running dangerously low on our stocks and that Russia is perhaps ramping up towards a wartime-type production schedule and state of industry faster than we are, which is not good at all.

Q19 **Lord Lamont of Lerwick:** My question is very similar so I am not sure that there is great value in asking it, but I will do so if I may. Our previous report was concerned that EU programmes do not allow for meaningful participation by non-EU NATO allies. I suppose the question is, could the European Defence Fund and the EDA be open to Britain at any stage in future?

Let me add to that. I quite see interoperability as a major point but it cannot be just a European thing; it has to be a NATO thing and has to be with the United States. Once you accept that, the idea that interoperability means you have to have a European programme that is exclusive does not quite follow in the way that was initially suggested. My first question is this: could these programmes be opened to the UK a bit more?

***Radosław Sikorski:*** I do not know but, from what I know, the 40-something programmes that were supposed to create defence capabilities and are financed by the European Defence Agency have not produced anything of value yet. Not a single piece of equipment has yet been brought into production, let alone into our Armed Forces. I am frustrated by that.

I go to Ukraine on a regular basis. Once a quarter, I take to the front some used pickups, including from the UK, to be used as ambulances and so on. A month ago, I was near Bakhmut with the Ukrainian 26th Artillery Brigade using Polish howitzers and shooting with US Excalibur 155 mm calibre ammunition, the gliding precision shells. A Ukrainian team, Polish howitzers and American ammunition—that is great interoperability.

***Nathalie Loiseau:*** I cannot answer your question now about what will happen in future because the European Defence Fund was designed to trigger more joint efforts in the European Union as regards the resurgent development of new equipment when the UK was a member state. The UK then left and showed very little interest, if any, in defence co-operation with the European Union. So we are still talking about something very theoretical.

As I mentioned, as a matter of urgency, what we are doing right now for Ukraine is widening the criteria to make sure that the necessary material

is sent to a country in need. If we want to make sure that our industries develop in future, we will have to discuss budgetary issues. It will come quite soon and it will not be an easy discussion because of inflation and other priorities. The good thing is that the European Union is discovering the importance of defence. The difficulty is that it is brand new and that we have to fight against other European programmes. I am not saying that it is an open bar because the EU has changed its mind.

Regarding interoperability, you mentioned the United States but something strikes me: for how many years have we heard that NATO should encourage interoperability, yet it has not functioned that well because we still have very different military equipment?

Also, why do we believe that strategic autonomy has to be pursued as an objective, not against the United States but because we do not want to be limited by some US legislation that would make it more difficult to export military equipment to third countries, for instance? That is a real concern for Europeans. It sounds strange when we talk about it now with the Biden Administration, with the fact that we are working hand in hand in Ukraine together, but we do not know what the future will be.

It is also necessary to make sure that we have the capacity in the air, at sea, on the ground and even in space to be autonomous because, if we do not have proper access to civilian space and we depend only on images provided by the United States, it is fine as long as there is good co-operation. It was wonderful when my home country received a warning from the US that a Russian satellite was on an unfriendly trajectory towards a French satellite. It was useful. The moment you get your own capabilities, you realise that it is not only Russia that comes near your satellites; it is good to know that.

**The Chair:** We are going to come back to the issue of strategic autonomy in a moment. Before leaving this topic, may I press you a little further in the direction of Lord Lamont's question? Madame Loiseau, you referred to the risk of fragmentation in the European defence industry but fragmentation will happen if the rules of the defence fund and the defence agency are so tightly drawn that it becomes very difficult for UK defence industrial companies to work with European counterparts in years to come. In a way, the design of the rules will tend to drive how the industry shapes because programmes will develop either open to co-operation or not. I hope that, while they are being designed, that angle can be kept in mind: if we want a more coherent industry, we need to have relatively open vehicles for achieving it.

***Nathalie Loiseau:*** I get your point.

**The Chair:** Enough of that hobby horse. Lord Wood has a question on reconstruction.

Q20 **Lord Wood of Anfield:** Although the planning begins now, I want to ask you about looking ahead to the reconstruction of Ukraine and co-operation between the EU and the UK. We recently hosted the recovery

conference and the Commission has announced the idea of a "rebuild Ukraine facility" for the future. Everyone can give warm rhetoric about working together for the future rebuilding of Ukraine but, practically speaking, I note that, in President von der Leyen's press statement about the "rebuild Ukraine facility", there is a line stating that investments will go hand in hand with reforms, which sounds like a very European Union process. Does the UK have a role in collaborating with the EU in the kind of rebuilding of Ukraine's facilities and programmes that the EU has in mind, or will it be done in a sort of mosaic between different countries?

***Nathalie Loiseau:*** The Commission's approach is specific because Ukraine is a candidate country. Ukraine wants to join the European Union so it is quite normal that support comes with reforms and making sure that we push Ukraine on the European path. It is not necessarily high on the British agenda.

You are absolutely right that the level of effort needed to rebuild Ukraine requires strong co-operation between partners; strong co-operation on the use of frozen assets, which we have already mentioned briefly; and strong co-operation on military and humanitarian de-mining. The challenge is considerable. I am pretty certain that the reform priorities set by the European Commission for Ukraine—the fight against corruption and oligarchs—fit with British priorities, so we all look forward to working together on this.

***Radosław Sikorski:*** When discussing this, I would urge you to remember that Ukraine is not as destroyed as it looks on the telly. When you drive through Ukraine, you see that, in 80% of its territory, the state works. On one of the return journeys from the front with my pickups, I got a speeding ticket.

**Lord Wood of Anfield:** Were you happy?

***Radosław Sikorski:*** It was only 5 kilometres over. What I was particularly impressed by was the fact that, when I tried to pay in cash, they said, "No, we don't handle cash. You go to the local bank". Good.

Secondly, remember that Ukraine is already implementing the association agreement with the EU, which was initialled under the Polish presidency in 2013 but has not yet been implemented in full. It already has visa-free access to the EU and is beginning to enter the single market but there is still work to be done. Yes, we are proud of our conditionality because it works.

The third and perhaps most important thing to remember is that Ukraine will not be a victim country that needs outside assistance for rebuilding. Obviously, the assistance will be very useful. The electrical grid will be under furious Russian attack this winter and it needs the help now but, once the fighting stops, it will be boom time.

This is a potentially rich country once it recovers the Zaporizhzhia nuclear plant, which is the largest in Europe. It is now synchronised with the European grid. There are already days now when it exports electricity; it

will have a huge surplus. It has the best soils in Europe. The reason why we have this issue with Ukrainian grain is that it has Texas-sized farms with some of the best soil in Europe. It has a first-class IT industry. It is gaining experience in software that allows you not just to find the best targets but to prioritise which targets to strike with which weapons in order to get the best economic ratio. These are the wars of the future. They will be training us.

What has kept Ukraine back for the past 30 years is institutional weakness and corruption. If it addresses that, if it has acquis communautaire and if investors feel secure in Ukraine, there will be huge opportunities. I expect a huge inflow of private investment.

**Lord Lamont of Lerwick:** This is a slightly tangential question. You referred to Ukrainian grain; I think it is the first time that it has been referred to in our discussion. No one doubts your commitment to Ukraine—indeed, Poland has been one of the most vocal in calling for support for Ukraine—but what did you think of the decision to ban some agricultural imports from Ukraine into Poland?

***Radosław Sikorski:*** When Putin imposed the naval blockade in the Black Sea, it prevented Ukraine exporting its grain to traditional markets. It is more expensive to move that grain through the Danube to ports in Croatia or through Poland to Polish ports and so on. What we should have done a year ago was supplement the costs of that transit so that the grain could have reached where it should have. I learned at one of our debates in Strasbourg from the EU Commissioner for Agriculture, who happens to be Polish, that, instead, two-thirds of the Ukrainian grain that crossed the EU border did not go all over the EU but stayed in Poland, with the obvious effect on prices. I hope that Ukraine, Poland and the European Commission find the obvious solution, which is to subsidise only the transit so that Ukrainian grain can get to where it is needed in China and Africa.

**Lord Hannay of Chiswick:** I want to come back to one thing that you, Madame Loiseau, said about the UK attitude towards Ukraine joining the European Union. I think you would be hard pressed to find anyone in this capital who did not think that that was a desirable objective. We know perfectly well that we have no say in the matter whatever because we are not a member state, but do we support it? I think you would find that everyone realises that this is a crucial part of the stabilisation of central and eastern Europe—and, indeed, of the strengthening of the NATO deterrence and everything else.

To go beyond that, there was mention of corruption in Ukraine. Clearly it is a pretty serious problem, though perhaps slightly less so than it was at the height of the Poroshenko regime and so on. Britain and France certainly have quite a lot of experience of being played off against each other by corrupt third countries to whom they are giving aid. It is not new. We know a good deal about it. It strikes me that, without a great deal of care and joint working in the reconstruction programmes in Ukraine—including in the UK, which itself will put money into Ukraine for

reconstruction; we have committed some already—the risk is that we will be played off against each other and we will not optimise the leverage that our help in the reconstruction of Ukraine gives.

Again, as always, we come up against, "Yes, but Britain is a third country. Yes, this is going to be a European Union programme very heavily financed by the European Union budget". Surely our interest is in being able to operate effectively together on something where our objectives are identical.

***Nathalie Loiseau:*** I can only support what you say. I would go further. Quite often, EU institutions and the member states are fooled by third countries' authorities, which are very good at playing one off against the other. Most of the time, it does not go for reconstruction and it does not go for development; it goes into the pockets of people who play one off against the other.

We are talking all the time in the European Union about "team Europe"—that is, the notion that the Commission, the council and the European Parliament should work together vis-à-vis third countries to make sure that we defend the same interests. It makes for beautiful speeches and beautiful videos but it is not always a reality on the ground.

Everywhere I travel, sometimes even my trips are an opportunity to bring people together and have them explain what they are doing to other member states or the European Commission, not to mention to the United Kingdom. This is where we as parliamentarians have to put pressure on Executives and Administrations. Working in silos never helps the good ones. It is always an open opportunity for people who know how to navigate the systems and take advantage of them.

I fully support what you say. We have to work together as donors to Ukraine to make sure that we are on the same page; that we follow the same agenda; and that we support the efforts being made by a country where there is a functioning state, as Radek said—that makes a difference with many others—and where there is currently an obvious political will to fight against corruption even in the middle of a war, although we do not know what it will be in future.

***Radosław Sikorski:*** Our Ukrainian partners know that this is the biggest threat not only to their image but to the willingness of democracies to help them. When you hear news that Supreme Court Justices are being arrested in the act of being bribed, that is good news. At last, they are being arrested.

You can count on the European Union to be tough on this one. This is going to be hard conditionality. I also believe that we should work through institutions of which member states of the EU and the UK are members that have a great deal of experience and the kind of hard-headedness on this issue that we require, such as the International Monetary Fund.

**The Chair:** Thank you very much. We have reached the end of the hour. We have a couple of extra questions, both of which have been touched on. I wonder whether you could give us an extra 10 minutes so that we can perhaps try to wrap this up.

Q21 **Baroness Ludford:** Thank you so much. I want to stress how much your meeting with us today is valued and appreciated. It is very useful.

I want to probe your understanding of how the concept of EU strategic autonomy has evolved since the Russian invasion of Ukraine and what its implications are for future UK-EU relations. I suspect that we are coming up against an issue that we have touched on quite a bit in the past hour: legal, political and constitutional constraints in that co-operation versus, if it does not sound too crude, the substantive value of it being European strategic autonomy and the danger of it being perceived as UK cherry picking.

***Nathalie Loiseau:*** I go back to the original definition of strategic autonomy published in 2016 in the global strategy of the European Union. It is working with your allies every time you can—that is a very strong statement; every time you can, you should work with your allies—while working and acting autonomously every time you have to. Sometimes, you have to do so because your priorities and concerns are not shared by allies.

Let us look at NATO and Cyprus. Are we 100% comfortable with the behaviour of Turkey regarding Cyprus? Not necessarily. NATO will not always be the most appropriate format to handle situations that are not only near to but even inside the European Union. You remember what took place between Greece and Turkey. Things are getting a little better now. Hopefully, it will last, but we do not know. That is strategic autonomy.

I will never blame the US for not being interested in some of our priorities. I will never call them selfish or isolationist. We have to care about our immediate neighbourhood by ourselves. Honestly, I am often ashamed when we turn to the US to handle situations in the Balkans. It is in the heart of Europe.

Having said that, what does it mean for relations with the UK? Brexit was about taking back control and making sure that the UK has decision-making autonomy, which I fully respect. Does it mean that, at the same time, you want to have a structured dialogue about what we do together? I do not know. It has not been shown yet from the British side that we would be ready to embrace situations such as the Balkans or the southern part of the Mediterranean together. Either we speak in theory about European strategic autonomy including the UK or we speak in practice where the UK is interested. On this, I do not know. The answer is mostly in this city more than in the European Union.

***Radosław Sikorski:*** My understanding of European strategic autonomy is the same as a former British Prime Minister's: not a superstate but a superpower. When you are dealing with China, which has cities with the

populations of medium-sized European countries, you know that, vis-à-vis China, we can have influence only if we stick together. As I have said before, the US now understands that this is desirable, and, as Chairman Loiseau said earlier, this has to be developed in strategic harmony with the United States.

I hope everybody in western Europe understands that, if you try to build European power in opposition to the United States, all you will achieve is a split in Europe, as we saw during the Iraq war, into old Europe and new Europe. I hope that we have internalised that lesson. The reason for it is simple: in this Ukrainian emergency, the United States has rallied round, has come through and has protected us from an aggressive Russia. For us, this is existential. Therefore, the alliance with the United States is not something that central and eastern Europe would ever give up.

Provided that we develop in a strong alliance with the US, Europe can share a bigger part of the burden of stabilising the world and bending the arc of history towards our interests. I believe that the Putin invasion has strengthened these arguments.

**The Chair:** In our last few minutes, one enormous issue that we need to touch on—it has been mentioned a little bit—is the potential of future enlargement of the EU.

Q22 **Baroness Anelay of St Johns:** My question invites you to look a little into the future—but not very far. Has Russia's illegal invasion of Ukraine given impetus to further enlargement of the EU, which, despite a tiny bit of withdrawal, has grown mostly in response to significant historical events? If so, what consequences do you forecast for the EU and the UK?

***Radosław Sikorski:*** President von der Leyen's state of the union speech in Strasbourg last week was devoted to this issue, among others, very prominently because an EU of some 35 countries will be a different beast. This will pose issues for constitutional order. There is already lively discussion about the balance of power and the ways of arriving at decisions. We have reformed this before. We used to have a Nice voting system; now we have double majority. On which issues do we keep unanimity? I think that enlargement will for ever stay an issue on which there will be unanimity. On sanctions against bad actors, do we want to be hostages of one country blocking? Of course, there are various versions of non-unanimity.

The enlargement by the Balkans, Moldova and Ukraine will perhaps be a big enlargement with very different challenges. We have already alluded to the economic and agricultural issue that Ukrainian membership will challenge us with but there is also the issue of structural funds. If your province has more than 80% GDP per capita by comparison with the EU average, you start to lose cohesion funds. Ukraine is a large country and is relatively poor. It will arithmetically bring down the EU average so some European regions will cross the 80% threshold faster than they would otherwise have done. I am glad that the Commission, as Ursula

von der Leyen declared, is now going to do sectoral and constitutional studies on the implications. They will be very profound.

**Lord Liddle:** Not least for Poland.

***Radosław Sikorski:*** Indeed. On the other hand, Ukrainian membership will rebalance Europe. Europe will have two lungs in power relationships and in the weight of populations, which I think might be a good thing.

***Nathalie Loiseau:*** The war in Ukraine made not only leaders but public opinion realise that the European aspiration of a number of countries should be taken into consideration, otherwise something really nasty could happen. For too long, including in my home country, the idea was that the Balkans want to get in but there is no urgency and we have enlargement fatigue, as if there were no other powers interested in what was taking place there. People wake up to the reality that the EU is attractive. We are so good at criticising ourselves that we are losing sight of the fact that, despite Brexit, we remain attractive—

**Baroness Ludford:** It is attractive for many of us.

***Nathalie Loiseau:*** It is also to our benefit that we get bigger in a world where isolationism is dangerous. Having said that, we all know—I do not agree with the way in which the European Commission President described it in her speech—that we have to go through our own reforms. We always focus on the question of whether candidate countries are ready; we do not focus enough on the question of whether we are ready. It is not an alibi to delay the accession of new members; it is pressure that we have to put on our own shoulders to be ready.

There are ideas floated in the air of changing the way in which decisions are taken on a number of issues. There is reluctance from some countries and some political parties. That is the beauty of the European Union—it takes time—but the time is now. We want to be bigger but not fatter. We need to have more muscle. This is something we have to work out.

**Baroness Anelay of St Johns:** May I entice you to give an indication of what implications there might be for the UK—without, of course, inviting you to dictate to the UK, which you would not dream of doing?

***Nathalie Loiseau:*** We mentioned several times our co-operation in the Balkans. It has been important in the recent past. It is still important but I think that it should be improved because, for these countries, the jury is still out. It is not so obvious whether some really want to join the European Union. Whether they get a clear sense of what it takes to join the European Union is not a given. Some of these countries live with a recent history of warfare and divisions. We need to join our efforts to stabilise those countries and lead them towards a European path; otherwise, it could be a very different story—and a tragic one.

**The Chair:** Thank you very much indeed for a fascinating session and for allowing us a bit longer to cover all the ground. It is very helpful for our inquiry. We are most grateful to you.