



European Affairs Committee

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

Tuesday 14 November 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; Baroness Scott of Needham Market; Viscount Trenchard; Lord Wood of Anfield.

Evidence Session No. 7

Heard in Public

Questions 73 - 86

Witnesses

I: Pedro Serrano, European Union Ambassador to the United Kingdom; Annelène Damen, Counsellor, Delegation of the European Union to the United Kingdom.

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Examination of witness

Pedro Serrano and

Q73 **The Chair:** Welcome to the European Affairs Committee of the House of Lords. We are continuing our inquiry into the implications of Ukraine for UK-EU relations; in fact, we are coming towards the end of our inquiry now. We are delighted to have with us this afternoon His Excellency the EU ambassador to the UK, Pedro Serrano. This is an evidence session; of course, we will produce a transcript that you, Pedro, will have an opportunity to look at and correct. Thank you very much indeed for being here; we welcome your team as well.

I will start with a few broad questions. How do you see the impact on EU foreign policy of the Russian invasion of Ukraine? How would you characterise its development? Do you think that what we have seen in the past two years is a durable shift for the future? Over to you.

Pedro Serrano: First, many thanks for having me here. Perhaps I should offer a little caveat at the start: I am not a true expert on the situation in Ukraine so I will speak within the limitations of my understanding and knowledge of the situation but with the frankness that this committee deserves.

The Russian aggression against Ukraine has been a terrible wake-up call, if one were needed, to develop a still more active foreign policy in the European Union—not only foreign policy but defence and security policy. We were aware of many of the risks that we were incurring. I remember accompanying High Representative Borrell to Moscow in February 2021 in an effort to see what possibility there was of encouraging Russia to move towards a less confrontational policy; we were clearly seeing the deterioration of the situation and wanted to explore what possibilities we had to avoid this going further in the wrong direction. Unfortunately, Russia rejected that opportunity to start engaging on a more constructive path. As you well know, the Minsk process was stuck and was not advancing. The covert aggression—it was not covert, actually—and support for insurrection in the Donbass continued, and we reached the terrible situation of the days before the attack on Ukraine in February 2022.

As with most crises in the European Union, this has been met with a strengthening of the European Union's foreign and security policy, as well as the engagement of all its means to respond to such an aggression. The response on Ukraine that the European Union has produced is an holistic one, mobilising diplomacy, military and defence instruments, macro-financial support, humanitarian support and sanctions against Russia. Really, it represents the mobilisation of all its tools. In this way, it has pushed forward the development that began way back in the early 2000s when we started to create a security and defence policy in which it was understood that, if we wanted to be effective in addressing security challenges, we had to have an holistic approach. This has been evolving throughout the first two decades of the 21st century; if anything, the

aggression in Ukraine further strengthened our conviction that we must pursue this holistic approach in order to increase our security.

This is my view of what we have achieved in this comprehensive response. By the way, the response was immediate: we were ready for this, we knew that this could happen and we had been preparing. We therefore unfolded a number of measures very quickly—indeed, immediately—after the aggression, with the full support of all member states. I believe that this is now part of the *acquis* of the European Union.

Of course, there are many more things that we need to continue doing and improving—I am sure we will have an opportunity to discuss some of them—including looking at how the European Union has developed throughout this crisis. They also include looking at its financial instruments to support the delivery of military equipment to partners and the joint procurement of equipment in order to replenish its own stocks, to be able to support partners in the best possible way and, of course, to protect member states of the European Union within the broader NATO framework.

The Chair: Thank you. I want also to welcome Annelène Damen, who is welcome to participate as we go along.

Q74 **Lord Lamont of Lerwick:** Thank you very much; that was a comprehensive reply. In what way did the EU mobilise military assets as distinct from NATO and individual countries making a decision? Would it really be accurate to say that this was done very quickly after the invasion? My memory is that there was quite a lot of hesitation, particularly in Germany, over taking any action immediately.

Pedro Serrano: I cannot remember exactly how long it took. I would say that it was a matter of one or two weeks. Once the conflict had begun, the high representative proposed to member states the mobilisation of €500 million from the European Peace Facility, which had been created the year before; I have worked on it in the past. We developed it in order to be able to provide military equipment, including lethal equipment, to partners.

I remember from when I was negotiating it that we did it with a view mainly to supporting African countries, which were the countries that we were assisting. At the time, many colleagues from other parts of Europe asked me, “Is this for Africa only?” We said, “No. We are developing a facility that has a global scope. We will use it anywhere else where we may need it”. Unfortunately, such an occasion arrived. We had a financial facility that allowed us to mobilise assets. I cannot remember the exact date but I believe that it was a couple of weeks into the war—not much later—when the high representative presented a proposal to mobilise €500 million from this fund in order to provide military equipment, particularly lethal equipment, to Ukraine.

Lord Jay of Ewelme: Thank you and welcome. It is very nice to see you here, ambassador. I want to move on a bit to the relationship with the

UK. Can you say something about how you would assess the co-operation between the UK on the one hand and the EU institutions on the other—as well as member states on a third hand, if you like—over Ukraine?

Pedro Serrano: I think that the co-operation with the UK has been significant, even from before the war broke out, because we were closely engaged within the G7 format. There were exchanges of intelligence and discussions on what measures we would have to adopt, particularly in relation to the co-ordination of sanctions. A lot of intelligence was shared on what could happen and how we should react. Sanctions were one of the first issues that we quickly agreed to work on together. We imposed what are up to now the most comprehensive sanctions that the European Union—and probably any other state—has ever developed in response to an aggression; that is certain because there had not been an aggression of this nature before.

So, co-operation existed before the war started and has of course continued since the war broke out. The G7 has remained an important framework. We have also been co-operating through what I think is called the Ramstein framework, which is more for NATO allies. It has been important to have the possibility of EU support in this because an engagement of NATO itself would have another type of meaning and character; the possibility of using the EU as a track in supporting the delivery of military equipment was useful, therefore, in addition to what member states and allies have done bilaterally. Co-ordination has taken place throughout.

We have also co-ordinated on what kind of military training is necessary. More than a year ago, I think, the European Union set up a training mission. We have trained more than 30,000 Ukrainian military forces so far. The aim for this year was 40,000; I hope that we will achieve that. The co-operation has been constant, I would say.

Q75 **Lord Wood of Anfield:** It is very nice to see you, ambassador. Picking up on that, obviously, one of the big issues in the past few years with regard to Britain and the EU has been the absence of any foreign policy structures by which we can have a continuing conversation. Some people think that we should have had one as part of the treaty; others disagree. Not quite immediately afterwards, the Ukraine crisis has been one in which it feels as though Britain and the European Union have worked together despite the absence of that structure. I wonder whether you think that the Ukraine experience suggests that such a structure would be a good idea going forward. Is there a need for one or do you think that there is no need so long as there are informal mechanisms to do this?

Pedro Serrano: I would say that we have more structured co-operation with other partners, which we consider useful. We do not have structured co-operation on security, defence or foreign affairs with the UK right now but we do have close contact and regular exchanges. Actually, the day after tomorrow, we will have here the secretary-general of the External Action Service, who is coming for meetings with Permanent Under-

Secretary Barton. They have these exchanges twice a year, once in London and once in Brussels. A number of managing directors meet their counterparts, directors-general, here in London. These exchanges are happening with more frequency than they have in previous years, particularly in the past year. A more normal battle rhythm has been established in those contacts, which are very fruitful.

Of course, the UK may wish at any point to enter into more structured engagement. The European Union put that on the table and made that offer to the United Kingdom during the Brexit negotiations; it was not accepted at the time so it is up to the UK to decide whether it thinks that this would be helpful. We have it with other countries—we do not have it with that many countries because we have to manage our resources but we have it with key allies and partners—and think that it is helpful. Personally, I think that we should have it, but that is a decision the UK authorities will need to make.

Lord Wood of Anfield: Do you think that, if Britain decided in future to have that structured framework, the desire for it would still be there in the Commission and among member states?

Pedro Serrano: I cannot judge what member states will decide; it is for the External Action Service and member states to take that decision.

Lord Hannay of Chiswick: Just to follow up on that, ambassador, it was included in the political declaration that both sides agreed ahead of Brexit. It was, therefore, written down and approved by both the European Parliament and our own Parliament. So, on the question that you have just answered very helpfully, I wonder whether you can clarify that, so far as the European community and the European Union are concerned, that declaration remains as valid as it was on the day it was signed and agreed.

Pedro Serrano: Again, it is difficult for me to judge. There was an agreement within the joint declaration, as you say, but the UK Government decided not to pursue that track. Should they want to do so, I imagine that they would have to make a request in this regard, which would have to be considered on the EU side. On the EU side, there are no objections to having this, but I think there would have to be a request, which would need to be considered.

The Chair: The difference between having a dialogue with the External Action Service and having a broader structured dialogue is that the UK is engaged not with member states but simply with the EU institutions.

Pedro Serrano: Absolutely, but I imagine that, in the relevant fora we have in Brussels, we would need at least to signal that this was happening.

Q76 **Lord Lamont of Lerwick:** Ambassador, you have given your views on co-ordination and co-operation between the EU, the UK and other partners, but do you think that there should be an agreement for

sanctions co-ordination that goes beyond the Ukraine crisis?

Pedro Serrano: When it was a member state, the UK was very active in the sanctions policy of the European Union. It facilitated intelligence and very much contributed to making this a useful foreign policy instrument. As we all know, sanctions are useful but it is a matter of size—that is, how many countries are imposing them. Having a bigger number of member states imposing a set of sanctions is certainly much more useful than just one state or a couple of states doing it on their own. For all of us, a co-ordinated approach on sanctions as a foreign policy tool when required is useful. This will be an area of increased co-operation and co-ordination; it is a natural area for us to do this, in my view.

The Chair: Do you know whether the co-operation that goes on between the EU and the UK at the moment is in any kind of organised format? Is there a sanctions working group or something, or is the co-operation between the UK and Brussels purely ad hoc?

Pedro Serrano: My understanding is that it is more regular than structured.

The Chair: Okay. But it is effective as well? From the evidence we have heard, it has worked very well. I do not know whether you share that impression.

Pedro Serrano: Yes.

Q77 **Baroness Blackstone:** Ambassador, turning from structures and the way in which the co-ordination of sanctions operates, can you tell the committee what you think about some of our witnesses who questioned whether the implementation and enforcement of sanctions were working well? What is the Commission's view about that? Do you think that there are ways in which it could be improved?

Pedro Serrano: I have been following the packages of sanctions that we have adopted lately. One that is in the pipeline right now has as its main aims concentrating on implementation and preventing diversion routes being found. That is one area where we have been working more lately; we will definitely continue with that. We believe that the sanctions are having an impact on Russia. I do not have the numbers on or measurements of that impact with me but we believe in the effectiveness of the sanctions that we are undertaking. We believe that it is necessary to avoid diversion routes, which is what we are trying to address through the new packages of sanctions that we are adopting.

Baroness Blackstone: It is obvious that you have to try to avoid diversion routes—the sanctions will not work at all otherwise—but how can you do this? You say that attention is now being given to it, but it is difficult to perceive exactly what you can do to stop third countries in other parts of the world filling some of the gaps that have been created by sanctions brought by the EU, the UK and the US.

Pedro Serrano: We could probably do more to ensure, in any case, that exports to those countries will not follow a route that will end up where we do not want it to end up. It is more our own exports that we can do things about, in my understanding.

Lord Hannay of Chiswick: Surely there is another way, which is to add businesses in third countries to the EU sanctions lists, and ours, if we think that they are, for example, facilitating the export of Russian oil. That sort of action can be taken; I think it was taken about a week ago here against a company in the UAE. Is that sort of thing under active consideration by the European Union?

Pedro Serrano: Again, I claimed at the very beginning of my presentation that I was not knowledgeable in all aspects of what is being done and considered now. This would be an element where I just have to confess—I apologise for this—that I am not aware. It does not mean that we are not doing it, just that I am personally not aware.

Lord Hannay of Chiswick: Would you be able to let the committee know whether such—

Pedro Serrano: I would be glad to look into this, yes.

Baroness Blackstone: I am a bit sceptical about the effect that sanctions are having on the Russian economy and I think others are, too. It appears to be continuing to grow so, again, implementation may work up to a point, in that you are stopping some trade that used to go on and no longer does, but it does not really seem to be inflicting a huge amount of damage.

Pedro Serrano: I am happy to share also the assessments we may have made on this that are public for the knowledge of this committee.

The Chair: I think we would welcome that very much. The sanctions' effectiveness is obviously a crucial topic. I imagine also that the issue of avoiding sanctions evasion is also part of the EU's dialogue with appropriate third countries. It becomes part of the EU's overall relationship with countries that may be involved in this.

Pedro Serrano: This is something we have been pursuing from day one, in all diplomatic contacts with all our partners. We have been raising the issue of the effectiveness of our sanctions—asking our partners to avoid being used as channels to divert our sanctions.

Q78 **Baroness Anelay of St Johns:** It is a pleasure to see you here. Every day, we see the devastation caused by Russia's illegal invasion of Ukraine. My question focuses on "What next?" from the point of rebuilding in Ukraine, who pays and how. What is your reaction to the proposals that have been put forward that countries should use the sanctioned assets of Russia to contribute towards the rebuilding of Ukraine and the reconstruction there? In other words, what is the EU's view, not yours but on its behalf? Could you also tell us a little more about what the Commission has been saying—I think Ursula von der

Leyen has, too—about its proposal to tax the “windfall profits” from the Russian central bank assets?

Pedro Serrano: I am not aware of all the details. I understand that the issue is not so much the assets as the windfall profits. That is what is being looked at, if anything. In any case, if there are to be any moves in this regard it would require specific legislation to allow that to happen. I am not sure where the debate is right now. I understand that these things are being considered but do not know where the debate is. I believe action in this regard may require additional legislative proposals to be adopted.

Baroness Anelay of St Johns: In the discussions of which you have had some knowledge—I appreciate that these are ongoing—has there been any idea that the EU could impose this itself, or would it have to invite individual countries to change their own domestic legislation?

Pedro Serrano: We want to ensure that whatever we do is fully legally sound, because any measure taken that is not legally sound would probably be counterproductive.

The Chair: Yes, it is a complex area. Thank you very much indeed. If there anything you can send the committee on the factual assessments being made, we would find that very helpful. Can we move on to defence co-operation?

Q79 **Baroness Ludford:** Ambassador, thanks very much for coming to meet us. You alluded earlier to the European Peace Facility in the initiative towards Ukraine. But since the Russian invasion, the EU has also sought to take a more collective approach to increasing weapons production among member states. There are acronyms such as EDIRPA and ASAP but I will not bother to spell them out. Would the EU be open to co-operation with the UK on some of these initiatives, perhaps particularly those two, and if so on what conditions?

Pedro Serrano: The main basis of those conditions are that work is done with companies that are based in the European Union—not necessarily European Union companies but those based in it. For any non-EU companies, of course, there have to be security guarantees that we are working with the right companies and that there will not be limitations as to the use that member states may make of whatever is produced in that joint endeavour. Of the two instruments you alluded to, one, EDIRPA, is for joint procurement and the other, the ASAP, is for enhancing the production of ammunition. They have similar rules: again, it is the financing—because there is EU financing in both—and it can go only to companies that are based within European Union territory.

Baroness Ludford: What if there is a subsidiary of a British company which is incorporated in a member state? We have seen quite a lot of that since Brexit, because with the loss of the single market and an inability to supply services from the home country, I think there has been more of a move to incorporate companies within the EU. But if it was a subsidiary of a British company which was a legal entity in the EU, would it be able to

participate in these initiatives? If so, what would be the conditions?

Pedro Serrano: My understanding is that yes, it would, as it would currently in the European Defence Fund. A number of UK subsidiaries are now participating in some of the projects financed by the European Defence Fund, and I understand that the same would apply for these other instruments.

Baroness Ludford: We have already asked you to find out some further information for us, ambassador. I do not know if it would be possible to find out which companies are participating in EDF—

Pedro Serrano: I am not sure that the information is public.

Baroness Ludford: Right. I should have thought of that.

Q80 **Viscount Trenchard:** Following on the same theme, if I may—and welcome to our committee, ambassador; it is very nice to see you—it is quite understandable that the EU is trying to strengthen its own defence industrial base. But some of our witnesses feel that EU defence capability development and joint procurement initiatives do not really allow for meaningful participation by non-EU NATO allies. Leaving out the case where there is an EU subsidiary, if there is not—but as we are nevertheless geographically close and NATO allies—would you agree that the EDF and EDIP joint procurement initiatives do not allow for meaningful participation by third countries?

Pedro Serrano: First, in addition to what I just said, let me add that those limitations do not apply to sub-contractors, so you can have entrance into these projects through them as well—that is another door. Some states, particularly associated countries of the European Union, Norway for instance, can participate in this: it is part of the EU's single market, so it is in a specific position to participate.

You are right that a main aim of the European Union is to enhance its defence industrial capacity, but this is done in a way that is fully in line with NATO needs and requirements: most of the projects that we are conducting respond to NATO priorities. Through these mechanisms, we are achieving a substantial increase in interoperability within forces of a large number of member states that are also NATO members. So, even if it is not in NATO and is not a NATO project, it is an EU project aimed at development of the EU defence industry and which will be at the service of NATO. These initiatives respond to member states' identified needs and contribute to achieving greater interoperability within a large number of member states, and respond directly to priorities identified by NATO. This is done in very transparent exchanges with our NATO colleagues, we have different working groups where these things are also being discussed and the NATO priorities are fully taken into account. I think that more than 90% of the projects that have been funded through the European Defence Fund, and PESCO projects, respond to NATO priorities.

The Chair: If I understand right, the condition to participate in the European Defence Fund is to be part of the single market.

Pedro Serrano: For the European Defence Fund, you are not looking at states but companies, whereas, with PESCO, you are looking at co-operation among states. There is a big difference between both instruments, although you then have a majority of PESCO projects funded through the EDF. But the defence fund, as with the joint procurement fund and the fund for munitions, are looking at companies, not states.

The Chair: Are these companies that are based in the single market—in other words, EU members and Norway?

Pedro Serrano: That is correct.

The Chair: Do you see that changing or being subject to evolution for other major European defence-producing countries?

Pedro Serrano: No. I do not know what will happen, but that is the situation right now.

Q81 **Lord Liddle:** Ambassador, apologies for my lateness and for being remote. One of the debates that we have had in this committee is about whether Britain should seek to associate itself with the European Defence Agency, which we played a prominent role in before Brexit. The United States has some sort of administrative agreement with the EDA. Do you think it would be a good idea if Britain had a similar arrangement, and is such an agreement a precondition of a closer working relationship with the EDA?

Pedro Serrano: This is particularly relevant for participation in PESCO—Permanent Structured Cooperation. If you have an administrative agreement or arrangement with the EDA, you can automatically participate in all PESCO projects that are managed by the EDA. If a PESCO project is not managed by the EDA, it does not make any difference, but if it is, then you should have an administrative or ad hoc arrangement with the EDA for that specific project. An administrative arrangement with the EDA would also signal intent of and interest in greater engagement in the defence industry with the European Union, but it is up to the UK Government to decide whether they consider this to be in their interests or not. It is significant that the EDA has administrative arrangements with these four countries right now: Norway, the United States, Serbia and Ukraine.

Lord Liddle: So, is the UK the odd man out?

Pedro Serrano: You know, it is your conclusion.

Baroness Ludford: You are not going to tempt him like that.

Baroness Scott of Needham Market: I would like to come back to our earlier discussion about reconstruction. We took some really interesting evidence on that, particularly around the potential for the UK and EU to co-operate in the reconstruction of Ukraine. Would you like to make some observations about the current state of that co-operation, where you

think co-operation ought to be taking place, and whether there are any particular barriers to that co-operation in future?

Pedro Serrano: President von der Leyen of the European Commission came to the reconstruction conference, which was called by Prime Minister Sunak in June, and presented a proposal for €50 billion in support of Ukraine's reconstruction. I think we are the group of countries that has contributed most significantly to assistance to Ukraine: the amount of EU assistance is now up to €82.6 billion since the war started. This comprises many chapters, more than 25 in terms of military assistance, of which six are EU funds—the rest are member states' funds—and €25 million macro-financial assistance. I do not know whether you have the numbers there, but we also have given humanitarian assistance and assistance to countries hosting refugees. This all adds up to €82.6 billion.

Yes, we will engage, and want and hope that many other partners and allies will join us in a very significant manner in supporting the reconstruction of Ukraine. The UK itself has shown an obvious interest and international leadership, as we have, by convening this conference. I do not know whether we have a date for the next conference yet, but there will be another, and we will try to keep the flambeau—the torch—burning. We believe that we must co-ordinate on this very closely, because we want to ensure that we use our funds in the most effective manner. I am not aware of current efforts on further co-ordination—I hope that our respective departments are—but am happy to look further into it and provide you with a more informed answer.

Q82 **Lord Hannay of Chiswick:** To follow up on that, clearly one of the major preoccupations of the European Union, and of the UK as a donor, is—or was, at least, in the past—the prevalence of corruption in Ukraine and the evidence that that still exists, although the Ukrainian Government are doing their best to clamp down on it as part of their preparations for opening accession negotiations.

That surely means that co-ordination, which you have said is very necessary, between the EU and the UK as donors is particularly important, because the risk with separate donors, as we have all discovered in many countries in Africa and elsewhere in the world, is always that you get played off against each other.

Those who are trying to use aid for corrupt means are pretty clever at doing that sort of thing. We need to, I imagine, get pretty clever at avoiding it happening. Do you agree that that probably points towards an increasing degree of co-ordination between us, as the programme for helping Ukraine reconstruct gets under way?

Pedro Serrano: Absolutely, Lord Hannay, yes. There is a multiagency donor co-ordination platform already in place. There is no doubt that we have to co-ordinate very closely in the reconstruction efforts if we want, as you said, to ensure that the funds are used in the most effective way.

We are, of course, also working with Ukraine in the context of the accession process, as you know. We believe that this is another of the very important contributions the European Union is making right now in support of Ukraine. It is by bringing Ukraine into the fold of the European Union that we can start protecting it, in view of its future, and giving it security guarantees in addition to what may come from other quarters. Belonging to the EU would definitely be an additional one.

This will also help Ukraine carry out the necessary reforms to its justice system and administration that will make it an even more effective partner, at a time when it will be receiving very substantial funds from the international community and the European Union itself through many different programmes. This is what we are engaged in right now. Donor co-ordination will remain essential, and I am sure the European Union will be very keen to work in order to ensure this.

Q83 Lord Hannay of Chiswick: Can we turn now to the issue of strategic autonomy? I know that we cannot ask you to give us an exact definition of that because no exact definition exists or has been agreed by the member states or institutions. Perhaps you could just give us some feeling on the current thinking, in your view, within the EU on the concept of strategic autonomy and how that has evolved since the Russian invasion of Ukraine.

In answering, it would be a great help if you could look at two different aspects. One is the military and security aspect and how strategic autonomy is to be interpreted in that context. The other is the industrial and economic aspect and how it is to be interpreted in that context. I think that the two are somewhat different. It would be a great help to us if you could give us your impression of what this means at the moment to the people working on these matters in Brussels.

Pedro Serrano: These terms have been used and misused many times in the last 20 years and seem to mean different things to different interlocutors. It is waved, sometimes in an alarming manner, as if it means in any way some kind of decoupling or anyone within the European Union having the vain illusion that the transatlantic bond, the Atlantic alliance, is not relevant. I would start by saying that it is very relevant.

The relevance of the Atlantic Alliance is enshrined in the founding treaties of the European Union. Article 42.7 of the treaty of the European Union indicates clearly that, for those member states that are also members of the Atlantic alliance, collective defence will be carried out through NATO. That is very clear in the treaties of the European Union, so that is the first thing we should take note of and not question because it is part of our treaties.

The European Union has been developing in the last few years its military capacity and capabilities, but these belong to member states. All the development of what we were talking about before, EDF and PESCO, is creating capabilities that are not EU capabilities; they are member states'

capabilities. For all those member states which are NATO members, those capabilities can be used within NATO or wherever those member states may wish to use them. They would be at the disposal of NATO.

The European Union, as such, has clauses on solidarity and mutual assistance, but these clauses are meant to mobilise holistically within the European Union and are not a substitute—because it is clearly enshrined in the treaties—for article 5 of NATO. Yes, the European Union is helping member states to invest more in defence and develop more capabilities. This is what Ukraine has really brought to the fore. We have created a number of instruments, financial and procedural, to facilitate this co-operation, which is extremely needed, and to help member states make the most of their defence budgets in the most intelligent way—in a way that will produce economies of scale and facilitate interoperability.

But this development in no way has any presumption of the European Union or its member states not working within NATO. We have a number of very important joint statements with NATO at the highest level in which that complementarity and the co-operation between both organisations is clearly established. That is for the military side.

Of course, one of the great strengths of the European Union is not only that it develops its defence capability, but that it has developed over the years many other instruments and mechanisms in the economic and industrial fields, for example. Here, we have developed over the years a number of instruments to protect and screen our investments and to identify areas of infrastructure that are particularly sensitive and need to be protected, and to look at our exports and have a control on exports of goods of dual use. We have developed instruments to protect ourselves against economic coercion. So, we have developed a number of instruments aimed at what one could call strategic autonomy, but what is actually de-risking and increasing the resilience—one of the other big buzzwords of all of us—of the European Union. I think those are better words and more accurate than “strategic autonomy”.

In the terminological evolution we have had throughout the years, looking at defence and security with a much more holistic and comprehensive approach, the right words now are “resilience”—increasing our own resilience—and “de-risking” in terms of who we are dependent on and exporting to.

That is how I would portray the current situation. We know that we live in an interdependent world. Within that interdependent world we want to ensure we have covered ourselves and our supply chains as best we can. That is what we have been trying to do in the past years more than ever.

Covid was another awakening moment. Certainly, if need be, Ukraine has given an additional push to the urgency of working in this direction in the economic and industrial fields.

Lord Hannay of Chiswick: As far as the UK is concerned, on the military and security side, the UK being a member of NATO is rather well

covered by what you have said about that. On the economic and industrial side, it presumably falls within the ambit of the trade and co-operation agreement between us.

Pedro Serrano: That is correct. Even more than that, my view is that we share an ecosystem of resilience with the UK, as countries that share the same values and security interests.

Q84 **Lord Liddle:** I have always found the debate about strategic autonomy confusing and not very helpful but the thing that has rather changed my mind about it is looking at the politics of the United States at the moment—that is, what the opinion polls are saying about the next presidential election and, possibly more significantly, the House of Representatives and whether it will continue to fund defence money and aid for Ukraine. Would you say that, in your experience within the EU, there is increasing concern about this?

Pedro Serrano: I am afraid that I cannot really elaborate on that point. What I can say is that, for us, transatlantic relations and relations with the US are a very important part of our international engagement. The US plays a crucial role in NATO, as we all know. We will always continue to seek the best relations possible with the United States of America. What may happen in the future is a speculative question; I am afraid that, in the format of this gathering today, I will not go further on it.

Lord Liddle: I understand.

The Chair: That was a very diplomatic reply, ambassador.

Q85 **Lord Lamont of Lerwick:** Ambassador, do you never worry about phrases such as “de-risking”, “resilience” and “strategic autonomy” just being an excuse for protectionism? Where does the liberal trade order fit into all this?

Pedro Serrano: Where have we gone and has there ever been a liberal world order, fully and cleanly, without any other consideration? The world is what it is, with the interests of different states. We have tried to build together a more global world; it happens by the nature of our own companies, which are global. I think there is a genuine awareness of the risks of supply chains that we do not control and that determine the economic security of our countries, including on security and health issues.

We have seen this clearly in the past few years. Many of us saw the Berlin Wall fall; if I am not wrong, Lord Hannay was in New York when it happened. We suddenly saw a new world open up. We thought that it was going to be a multilateral world and the end of history. We thought that we were going to end up in this wonderful, liberal, global democracy. Unfortunately, we are not there. Some people say that we have already witnessed the end of the end of history; others are calling this the post-post-Cold War world. Of course, that was a severe blow to the multilateralism that we still have to fight for and develop despite all the odds.

However, in these circumstances, we have to be realistic and pragmatic. We have to look at the protection of our interests. This is not protectionist; at least, it should not be. We should be as clear-minded as we must be—that is probably what you meant—when we look at any restrictions. We must ensure that we really judge them by the security that they will bring us without them becoming protectionist measures that may create more distrust and insecurity among nations. There is a balance to be found but we have moved into a world where, again, a bit of realpolitik is necessary; I think that resilience and de-risking belong to the world that we are unfortunately in.

The Chair: Thank you very much.

Q86 Baroness Nicholson of Winterbourne: Your Excellency, Mr Putin is—inadvertently, I am sure—assisting the European Union in creating a whole new chapter of history with this wonderful new enlargement. I recall with the previous enlargement limitations on the *acquis communautaire*, and even then, the limitations were insufficient to enable the two incoming member states, which are now full member states, to fulfil that *acquis*. It is clear that, with the traumatic difficulties that Ukraine is going through—as well as Moldova, of course—the *acquis* may have to be reconsidered. Can you tell us when that might happen, or if it is happening already? Can you also tell us about the implications that that would have for the EU's relationship with the United Kingdom and a future Russia?

Pedro Serrano: I am not sure that I understood the question perfectly. Are you saying that, because we are entering a new phase of accession for countries that perhaps were not considered for it in the past, we should review the *acquis*?

Baroness Nicholson of Winterbourne: Yes, that is my question. As a former rapporteur for Romania, I recall that we reviewed the *acquis* when I was in the European Parliament. At that time, it was limited specifically for both Bulgaria and Romania. No new *acquis* was coming in; it was limited. I recall that very well. I can look it up for you; it is easy. None the less, as someone who would naturally very much like Ukraine to enter comfortably, well and efficiently—the same goes for Moldova, with its even greater challenges—I wonder where the review of the regulations that it will have to fulfil is going on and who it is being done by. Those regulations will now be really tough because of corruption, the past and so on. Inevitably, therefore, it will have an impact on the future relationship with the United Kingdom and with the new Russia.

Pedro Serrano: I am not aware of a redefinition of the *acquis*. I believe that we are trying to ensure that we bring in any new members, whether Ukraine or any of the existing candidates, into the European Union in the best possible conditions. One very important element is that accession processes should contribute to an overall strengthening of the European Union. A weakening of the *acquis* would not help that goal as such.

I am not familiar with the details of the discussions, but I think that it is important for those dealing with the issue to ensure that it is not just about Ukraine but all candidates. One thing we see is that, now that Ukraine, Moldova and Georgia are candidates, that also encourages further progress on all candidates. I think that, because of this terrible war, there has been a push to bring accession to a good port more quickly. If I am not wrong, even the president of the European Council has talked about 2030 as a target date for accession. Dates are dates, but it is important to signify the intent, and the renewal of energy and efforts, to ensure that these processes come to their fruitful conclusion.

Again, I am sorry that I cannot answer your question more precisely, but I am sure that all efforts are being made to ensure that all candidates join in a condition in which they will contribute to strengthening the European Union and help the development of the overall project.

The Chair: To extend Baroness Nicholson's question, we are reading the reports that the EU will have to reform in order to accommodate Ukraine and other economies, given the particular size and shape of the Ukraine economy, and we are therefore reflecting on the implications for the UK. If the EU reforms to be able to accommodate these countries, will that have issues for us in the future? I do not know whether you can add anything more from that sort of angle, but it is public that member states are already discussing some areas for reform of the EU.

Pedro Serrano: Again, this is outside my scope of competence—all of this is.

The Chair: Do not worry.

Pedro Serrano: On this, I imagine you have in mind issues such as whether, in decision-taking at the EU, we should not consider moving towards qualified majority in areas where we still have unanimity. These discussions are taking place. Many of the EU leadership have also pronounced on this. I know that my own boss, Josep Borrell, high representative and vice president, has indicated that he believes that moving towards qualified majority for foreign affairs and security and defence issues needs to be given very serious consideration. This debate is indeed taking place, but let us see where all this takes us. The accession process is one thing, and moving towards reforms that will push for reform of the treaties is another and is equally complex. Whether we can use some of the passerelles to make greater use of procedural instruments that allow us to increase the level of qualified-majority decisions on issues such as foreign policy has also been considered in the past, and that would not require treaty changes.

The Chair: Thank you very much. I have one last point to wrap up. We started by talking about whether the changes that we have seen in EU foreign policy are durable beyond the Ukraine crisis. We have had one or two pieces of evidence that Ukraine was a particularly relevant crisis for pushing forward the EU in its security and defence dimensions: it was happening right on the EU's doorstep and is clearly extremely threatening

to the European security order. The question remains: does that continue to operate as and when the Ukraine crisis winds down? I make the observation that, on Israel-Gaza, the EU has been less clearly united in a leadership role in managing that crisis. Is there something in the point that Ukraine was a particular kind of crisis that has lent itself to pushing forward security and defence co-operation in a way that other crises in other parts of the world might not?

Pedro Serrano: The Ukraine crisis, which is in the heart of Europe, has created very specific threats to member states. This inevitably also leads to greater cohesion in reaction. Steps that have been taken forward in this crisis, as with those during the Covid crisis or after the financial crisis, have led to institutional or legislative changes within the European Union that are there to last.

On other crises, I think that, overall, we have been expressing common positions. Whether some member states beyond those positions have other nuances to bring, that has always happened, and will always continue to, in EU foreign policy. But we have expressed a clear position regarding the murderous attacks of the terrorist organisation, Hamas, against Israel, and regarding the situation in Gaza and calls for humanitarian assistance, freedom of the hostages, pauses and corridors that would allow humanitarian assistance, protection of civilians and its importance in war, and that any reaction must be in line with international law and humanitarian law.

Those are the main elements of the EU response, which, by the way, coincides point by point with that expressed by the British Government and practically all the like-minded western countries. The European Union has been able to express that position very clearly, jointly.

But, yes, I believe that we have made additional progress in the consolidation of our foreign and security policy, including defence policy, during the Ukrainian war—the war inflicted upon Ukraine by Russia—and that these steps forward are there to stay.

The Chair: Thank you, on behalf of all of us, for that fascinating tour d’horizon of all the issues relevant to our inquiry. It has been extremely useful to us. I hereby declare our meeting closed.