



European Affairs Committee

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

Tuesday 12 December 2023

3 pm

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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; Baroness Ludford; Baroness Scott of Needham Market; Viscount Trenchard.

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Questions 87 - 114

Witnesses

I: Leo Docherty MP, Minister for Europe, Foreign, Commonwealth and Development Office; Olaf Henricson-Bell, EU Director, Foreign, Commonwealth and Development Office; Daniel Drake, Deputy Director, Foreign, Commonwealth and Development Office.

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Examination of witnesses

Leo Docherty MP, Olaf Henricson-Bell and Daniel Drake.

Q87 The Chair: A very warm welcome to this final evidence session of the Lords European Affairs Committee inquiry into the implications for UK-EU relations of Russia's invasion of Ukraine. We are delighted to have before us the Minister for Europe, Mr Leo Docherty—thank you very much, Minister, for coming—and, accompanying him, two experts from the Foreign Office, Olaf Henricson-Bell and Daniel Drake. You are also very welcome, and I hope you will feel free to contribute to our discussions as we go along.

It is the usual drill. We are being broadcast, and there will be a transcript, which we will make sure you see for any corrections necessary. We aim to have 90 minutes with you, Minister, if you have that available, so my usual plea is to keep questions and answers as crisp as we can so that we can get across all the necessary ground.

Let me ask you perhaps to set the scene for us in response to a general question. How do you see the overall state of our co-operation with the EU in the light of Ukraine and the responses that both we and the EU have made to this huge European security crisis?

Leo Docherty: Thank you. I am very pleased to be here. In simple terms, the crisis of Putin's invasion of Ukraine has been a catalyst to encourage deeper and warmer relations. I think that would have happened anyway in the post-Brexit era as a necessity of normal life, but the urgency of the crisis has been a catalyst to accelerate that. The depth and scale of our co-operation, whether that is sanctions, reconstructions or, indeed, the military response and the provision of lethal aid, I think the scale of coordination is very significant and very meaningful.

Q88 The Chair: One area where there has clearly been a major evolution in EU policy is in defence. We have seen that in Germany and in many EU countries, with rising defence spending and a sense of acceleration in their collective defence programmes. How do you evaluate that in terms of our relations with the EU? Do you see opportunities developing because of the acceleration of EU thinking about its own defence role?

Leo Docherty: I think we all have an obligation, and therefore an opportunity, to commit resource, political will and effort to ensure that the Ukrainians have a world-standard military, which in many ways they have achieved already. The joint work we have done in training Ukrainian soldiers and the co-ordination we have done in our own programmes and the way we have exchanged liaison officers shows the structure of co-operation but also the utility.

The more formal, long-term opportunity, which I think your question was heading towards, of joint procurement is a more complex issue, because our natural position is to do that bilaterally. I think that is also the EU member states' natural position. That is not a bad thing; it gives member states a greater degree of agility. That is what we appreciate in our

defence relationships with member states—for example, with Italy for the next generation of combat aircraft. Fundamentally, I think that joint procurement and defence development will still be bilateral but often involving many countries.

The Chair: Thank you. We will come back to some of the defence issues in more detail. I am also interested in how the UK is reacting to the emergence of the EU as a more serious defence and security player, having been underplaying its role, I guess you could say, for 30 years, with the changes happening in Germany and in other EU countries. I get the sense that the EU is now thinking of itself more as a defence and security power in the world. Does that affect our thinking about how we relate to the EU?

Leo Docherty: It maintains our relevance. I think they are grateful, and they express it in gratitude for our political leadership in the defence sphere and in the provision of lethal aid, and our forward-leaning posture with regard to that. If they consider themselves more serious in being a defence player, that is not to the exclusion of a very positive relationship with the United Kingdom.

Q89 **Lord Lamont of Lerwick:** Is there more that Britain could do to encourage the EU to step up to the plate? Some EU leaders—Mrs Meloni, obviously Hungary is a special case, Czechoslovakia—seem to have a degree of hesitation and are arguing at the moment over a \$50 billion package. It does not sound as though the EU is on the front foot at all.

Leo Docherty: You are right. There is natural division because of the many member states with manifold domestic concerns and so on. I think we can lead by example and encourage through partnership and example. Particularly important in that is the role of Germany. If it is to turn the rhetoric on the Zeitenwende and the designation of €100 billion into the meaningful capacity to deploy military hard power, it will need our help and the help of many nations in partnership. We can encourage and work in partnership with them to deliver instrumentalities that match their rhetoric, and Germany is particularly important in that case.

Q90 **Lord Hannay of Chiswick:** What you had to say about Germany is most interesting, but would you share with us your analysis of the consequences of the German constitutional court ruling about its budgetary affairs and how this is likely to affect our co-operation with it, which, as you have quite rightly emphasised, is very important?

Leo Docherty: It is a very grave and serious political challenge. That will have to be resolved domestically by the Germans, and whether the Zeitenwende can be delivered into something other than a rhetorical flourish will be the key test. We will certainly work with them as a reliable defence partner every step of the way. If it is to be meaningful, Germany has to achieve that hugely important step change.

Olaf Henricson-Bell: A relevant fact that we welcome is that in the process of reviewing the change to Germany's budgetary plans, which, as you say, its court's decision has created, and pending those discussions,

it has been clear that the Ukraine issue will go ahead. That speaks to the Minister's overall point that our policy is to try to maintain as much unity and energy behind the European coalition as possible, and not only the European coalition; the Foreign Secretary was in Washington last weekend, where you will see some of the same questions playing out.

Q91 Lord Jay of Ewelme: Welcome, Minister. I want to move on to a slightly more technical area of sanctions. How effective do you think co-ordination and co-operation between the UK, the EU and other partners has been on sanctions against Russia and Belarus? Do you think that the UK's approach to sanctions has differed much from that of others, particularly the EU's but also, obviously, the US's?

Leo Docherty: Our response in concert and in co-ordination with the EU has been significant. Some estimates reckon that \$400 billion has been taken out of the Russian economy that would otherwise have gone to Russia's war efforts. The economic impact has been significant. Clearly, our regimes and the mechanics behind it are slightly different. Our timescales, because of our domestic legislative obligations, might mean that they are rolled out in a slightly different timeframe. The application of sanctions is a team effort, a team sport. Whether it is with the US or the EU, by and large it has been well co-ordinated and significant in its end impact, which is to denude the Russian economy of the ability to fund the war effort. I can tell that Daniel will want to come in at some point, but perhaps we will move on to the next question.

Q92 Lord Jay of Ewelme: Let me ask one further question. You talked about the, to some extent inevitable, difference between our approach and that of others, and you talked about the difference in mechanics and timescales. Do you think that matters? Might there even be some advantage sometimes in a slightly different timescale and mechanics of sanctions between one country and another? There is an assumption that we all ought to be doing everything together all the time. Is that true?

Leo Docherty: I do not think it has disadvantaged us at all, and the agility has been a key benefit. Daniel is on the phone to these people every day of the week.

Daniel Drake: It is as the Minister has described. Certainly for the UK it means that where we have chosen to, where Ministers have wanted us to, we have been able to move ahead maybe with a smaller set of partners. A good example is some of the financial measures that we put in place with the US. But, as the Minister has also highlighted, ultimately this is a team sport. With the scale of the challenge, these sanctions will always be far more effective if we act collectively as a sanctions coalition. We have done that primarily through the G7, which has created a platform through which the EU can take that to its member states and negotiate successive sets of sanctions packages. It is in the middle of that at the moment with a potential 12th sanctions package. We had a G7 meeting last week that agreed some of the areas on which the EU should focus.

We have been able to act together. In some areas, the EU may have some specific areas. The fact that it has a long land border with Russia means that some of its road transit measures are particularly significant. We do not, but we are a major financial centre, so our financial measures have particular impact. I think we have complemented each other and wherever possible we have tried to align.

Lord Jay of Ewelme: Is the G7 a useful and effective mechanism for discussing this? Is it as good as it can be?

Daniel Drake: It is useful for getting a collective political commitment to take action. The way the G7 functions, we all must go back and legislate and take that into our own domestic systems. A good example is the ban on Russian-origin diamonds, which has been negotiated through the G7 but which we are all now responsible for legislating for, as we will be doing this week.

The Chair: Are we concerned that Russia is managing to sell its oil above \$60 a barrel to countries such as India?

Leo Docherty: Yes, we are concerned. I do not think that denudes the price cap of its utility entirely, but we are very focused on that and in the broad sense of sanctions evasions in the round. We have had extensive outreach to third countries, some of which I have led during my travels, to ensure that steps are taken to prevent that.

Daniel Drake: Absolutely there is a concern that, as time has gone on, Russia has found ways to circumvent the cap. There are two particular areas of action that we have been pursuing, again with the EU and other partners. The first is identifying specific actors, that are helping Russia to violate it, and we have sanctioned a number of those now, primarily in the UAE. Secondly, it is about taking steps to strengthen the price cap itself. Given the role of the UK insurance industry, it is critical that the UK has a strong voice in that. Those measures are coming into effect very soon and, again, are negotiated through the G7, with the EU then legislating for the member states.

Q93 **Lord Lamont of Lerwick:** On that precise point, do you really believe that a price cap is having any effect? The *Financial Times* reported the other day that no oil had been sold below the price cap and that it was being evaded by a shadow fleet of tankers that were all uninsured and the West was unable to do anything about it, because the main lever was the insurance. If these sanctions are having such a great effect, how is it that, according to forecast, the Russian economy will go up by 3% this year?

Leo Docherty: You are right. The evasion is substantial. It has made it much more difficult, which has impeded Russia's ability to maximise its income from its hydrocarbons, that is for sure.

Daniel Drake: Russia's oil revenue this year is still significantly down on what it was in 2022 and, of course, there were some spikes. There is a range of different projections at the moment on its overall economic

growth projections. The general sense is that there are some real pressures hitting the Russian economy, particularly its defence industry; look at its ability to access some of the technologies that we have sanctioned, for example. Of course, it is trying to do so via third countries, which is why engagement with those countries is so important. I was in central Asia recently with the EU circumvention envoy, David O'Sullivan, and most of the countries that we are engaging with are taking steps to try to bear down on circumvention via their jurisdictions.

This is existential for the Kremlin, so they will do whatever they can to try to get around these measures. That is why the further steps that we are taking to tighten enforcement of sanctions are so important, including the £50 million that we announced earlier this year.

The Chair: We are very much into the area of questioning that Baroness Blackstone will pursue.

Q94 **Baroness Blackstone:** Thank you. My question relates very much to the area that Lord Lamont has just picked up. In the course of this inquiry we have taken quite a lot of evidence on sanctions, and some of our witnesses have questioned and raised concerns about how effective sanctions implementation has been. Can you say a bit about the UK's view on this generally and what improvements you are planning to deal with some of these failures in implementation?

Leo Docherty: Key to that is cracking down on circumvention. We have taken concrete steps to work with third countries that are particularly relevant to Russian circumvention, whether that is accessing goods or exporting its own goods, and that work will continue. Daniel, do you want to pick up on that?

Daniel Drake: Yes. As I mentioned, we announced an injection of £50 million earlier this year for the economic deterrence initiative, and that money is now being spent. Yesterday, for example, the Department for Business and Trade launched an office of trade sanctions implementation, the trade equivalent of the Office of Financial Sanctions Implementation that sits in the Treasury. That is a significant scaling up of the effort in DBT to implement and enforce trade sanctions.

I think we all recognise—the EU recognises this as well—that the scale of the measures we have taken against Russia requires a different level of investment from what we perhaps have historically had in sanctions enforcement. That applies across a number of EU member states, and we are working with some of those to bolster their own enforcement capabilities.

It is a challenge, but it is one that we are responding to through the £50 million and the additional capacity in some of the key government ministries.

Baroness Blackstone: Minister, you said that the UK is working with third countries. Could you be a bit more precise and say which third countries and exactly what kind of work we are doing with them?

Leo Docherty: They are countries across central Asia, Turkey and the Gulf states. It is about ensuring that they understand the risk to the integrity of their own financial services or their own economies by ensuring that they are not exposed to the risk of allowing circumvention to happen. That has been very positive.

Clearly, the scale is huge, and the intent of the Kremlin to circumvent and continue its exports is, as Daniel says, existential. There is a huge amount of effort going into this from the Russian side. However, if you measure the impact overall of sanctions, it has denuded the Russian economy to a very large degree—hundreds of billions of dollars that would otherwise be going into its war chest. So it has been significant, but it is not perfect.

Baroness Blackstone: Pressing you a bit further if I may, I have one more question. What exactly have we achieved in the discussions with these third countries? We can tell them that we think they should be doing X and Y. Has it led to any kind of solution that we could describe as an improvement?

Leo Docherty: I will let Daniel give an example, maybe from central Asia.

Daniel Drake: An example, not only in central Asia but in some of the other jurisdictions, is that we have identified a list of products that are some of the most sensitive technologies that Russia is trying to get hold of, which it used to import from us directly and is now trying to procure via third countries, including some of those that the Minister mentioned. We have been able to agree arrangements with at least some of those countries whereby they will impose some controls over the way in which those products pass through their territories.

Some of those countries are very clear that they will not impose their own sanctions — they may have a different approach to us from that point of view — but they are very happy to work with us on tackling the circumvention and the trans-shipment of those products through their territories. Some of this happens more privately than publicly, but I can certainly reassure the committee that we have made some positive progress with a number of the countries that we have been working with.

Q95 **Lord Hannay of Chiswick:** Could we go back to the question of situations where our sanctions and those of the EU differ? Could you give any example of where that has been of benefit, either to this country or to the effectiveness of the sanctions on the people we are applying them to—in other words, Russia and Belarus?

Secondly, would you not agree that any major difference between the two systems is basically an opportunity for the Russians and Belarus to get around sanctions, and that the more there are of those, the more they will benefit? I am a little lost to see where there is any benefit to us in having different sanctions at all.

Leo Docherty: Normally, the difference lies merely in the timescale of application because of the slightly different processes involved. It certainly does not result in gaps. As to whether or not it is an advantage, I will leave Daniel to comment on whether our agility to move more quickly or in certain different sectors has given us an ability to lead where the EU might not have done.

Daniel Drake: There are examples of exactly that where, for example, we have not had the same critical dependency on Russia for a certain commodity. That means that we have been able to move to a full ban more quickly than the EU, which needs to negotiate with its member states. Sanctions in the EU have to be agreed by consensus. That means that it takes only one member state to have a dependency that it does not feel it can relinquish overnight for that to be slowed down or for there to need to be some mitigation in place that would make the sanction less effective. We do not have to worry about that. We only have to worry about our own economy, from that point of view. That means that we have been able to move faster, for example, with some of the bans on imports of Russian metals, on energy, where we simply do not have the dependencies that some EU countries have.

Lord Hannay of Chiswick: Basically, you are saying that the desirable end state is an identity of sanctions between us and the EU, but that sometimes it takes time to get there and that we are able to lead the pack in that respect. Is that what I am getting?

Leo Docherty: That is a correct summary, yes.

Q96 **Lord Lamont of Lerwick:** Some people have suggested using sanction assets to contribute to funding the reconstruction of Ukraine. What is the Government's view? I was about to say "on the feasibility", but I suppose that means the legality of this. We have had quite a lot of evidence that this is not possible legally, but I have heard on television and read one or two articles by American lawyers suggesting that it might be possible to use some of the assets of the central bank, for example, to fund the reconstruction of Ukraine. Have you received any representations of that kind from across the Atlantic?

Leo Docherty: No, I have not. Thank you for your question. You picked the right word in the sense that it is all about the legality. We continue to study this proposition and devote significant institutional energy into looking at the legal feasibility of such a notion. If it was easy, we would have done it already, if I can put it like that.

Lord Lamont of Lerwick: I did read somewhere—it may be incorrect—that after the Iraq war, some of the assets of the Iraq central bank were confiscated. Do you know about that?

Leo Docherty: No. Daniel, please.

Daniel Drake: You are probably referring there to the UN Compensation Commission, which was established after the war for Iraq essentially to

compensate Kuwait for the invasion. That was obviously established with a Security Council resolution, which, given that we are talking about Russia here, we know would not be feasible in this case. That is probably the example that you are referring to, if I am not wrong.

Lord Hannay of Chiswick: Yes. I drafted it.

The Chair: There has also been talk of possibly using the interest from assets held in western central banks on behalf of Russia. Is that possible? It would be much smaller revenue, of course.

Leo Docherty: That is something we are certainly considering, but I am not able to give any update on the possible legality or utility of that.

Lord Lamont of Lerwick: It would not encourage the Chinese to buy American securities, would it?

Q97 **Baroness Anelay of St Johns:** Good afternoon, Minister. I am following up on the sanctions, but thinking really about a specific matter of what I would call “unfinished business” with Mr Abramovich. Way back in the beginning of spring in 2022, he was sanctioned and Chelsea Football Club was put up for sale. I have no locus in that; I am an Arsenal fan—my confession of the day—but I wonder what has happened since then. It all seemed to go quiet. The Charity Commission gave advice about how to set up a charitable organisation to make sure that Mr Abramovich kept his promise that, realising the benefit he got from selling the club, he would use it for assistance to the victims of the Russian invasion of Ukraine. Can you bring us up to date on where we are now on this? That is a long while ago.

Leo Docherty: Thank you. You will probably know that the proceeds from the sale are frozen in a UK bank account. We are now going through a process of independent experts establishing a foundation to manage the money, and a licence application will need to be made to take that forward. The key difference between the Government and those who have been involved in establishing it is whether the funds get used inside Ukraine or for Ukrainians outside of Ukraine. That remains something that we need to resolve, but we are very clear that we want to have this money deployed as quickly as possible to the benefit of Ukrainians inside Ukraine.

Baroness Anelay of St Johns: Thank you. I notice, by the way, that when James Cleverly was Foreign Secretary he said, “It is better... that we do it right rather than trying to do it quick”. Certainly “quick” does not come into mind.

Leo Docherty: It is not quick. Yes, it is not quick and it is not easy, but the then Foreign Secretary was right: we have to ensure that this attends to the needs of Ukrainians inside Ukraine rather than elsewhere.

Baroness Anelay of St Johns: Also, Minister, you mentioned the important point that the licence has to be granted. I was under the impression that the Government had not only granted a licence but that,

when it falls fallow, it ends and is regranted. The end of the latest grant was 30 November. Has that been renewed in a technical manner?

Daniel Drake: It has been renewed. You are absolutely right: the licence that enables the funds to be frozen continues to be in place. A second licence would then need to be granted for the funds to be released into the foundation's accounts, and that is what has not yet been applied for.

Baroness Anelay of St Johns: Am I right in saying that the Charity Commission has made it possible for such a fund to be set up, and that there is good will from the point of view of the FCDO to make sure that it is set up? Is the bad will from Mr Abramovich in trying to block any of that process?

Leo Docherty: There is a disagreement, let us say, between those involved in running this fund and the Government.

Baroness Anelay of St Johns: Wherein would that disagreement lie, if you are able to say that publicly?

Leo Docherty: It is probably not useful for me to comment.

Daniel Drake: We would not want to speculate on what the other side is thinking or intending to do. It is ultimately for them to apply for that licence on the grounds that we made clear in our unilateral declaration, which is for the funds to be spent in Ukraine. After all, the purpose of our Russia sanctions is to remedy harm that Russia is doing to Ukraine. That is why we made that clear, and that is what he has not yet done.

Leo Docherty: Yes. We do want this done as quickly as possible and we are pushing.

Baroness Anelay of St Johns: Can I just clear up one final matter, which looks small but may have an impact? There was a thought that the fact that Mr Abramovich has Portuguese citizenship might add a bit more bureaucracy. Have you encountered that at all?

Leo Docherty: I do not think that is relevant.

Daniel Drake: No. We work closely with the EU and with the Portuguese, and we will continue to do so as needed. It has been another example of quite effective co-operation with the EU on sanctions.

Baroness Anelay of St Johns: Thank you. That is helpful.

Q98 **Lord Hannay of Chiswick:** I think it is clear from the discussion we have had so far that sanctions implementation is an infinitely complex matter, composed of any number of small pieces that have to be put together, and we are dealing with an adversary that is putting a lot of resource into subverting and circumventing sanctions. Can you say whether there are any lessons that we have learned so far about future co-ordination between the UK and the EU on sanctions? This is probably

not the last occasion on which we will both find ourselves imposing sanctions.

To what extent are we joined together when we are implementing those sanctions? Do we, for example, do anything to help the member states, which sometimes have pretty defective machinery for applying sanctions? The Commission does not substitute for them because implementation is a matter for the member states. During the first Cold War there was an organisation called CoCom, which very elaborately dealt with the trade between the West and what was then known as the communist bloc. That was a very structured arrangement.

I know that we are dealing now with a much wider range of products and that reinventing CoCom is not the thrust of my question. My question is more: what lessons are we learning from our experience so far? Are we helping member states with their implementation, and, assuming that our sanctions on Russia and Belarus may have to last quite a long time, do we have machinery in our hands that applies them in an effective and unified way?

Leo Docherty: Thank you for the question. Our experience shows that when a crisis has demanded our urgent and deep collaboration, we have delivered that. We have been driven by outcomes. The fact that our relations with the EU, and indeed member states through people like Daniel, have been informal has allowed us to have a greater degree of agility, which has been beneficial to all concerned. The lesson is that when needs must it has worked well, and I think that approach will guide us well in the future. I will ask Daniel to comment, because he is the one who does it daily.

Daniel Drake: Absolutely. One key lesson that we have learned is that the EU continues to want to work very closely with the UK as a non-member state. When we were in the EU we always played a very prominent role on sanctions, and I think that is recognised. Some member states perhaps miss it, but they certainly want us to be very much part of the conversation. We have had some influence over the direction of EU sanctions policy and we have been able to work very effectively as a non-member state.

On your question about what we are doing with the member states specifically, we have some capacity-building efforts with a number of countries. We have the Swedish sanctions team in today. I have been to places like Cyprus and the Czech Republic, a range of member states, all of which realise, for exactly the reason that you have given, that they have to scale up their own sanctions capacity. We have done that or we are doing it, and they want to learn from the way we have done that. That includes some of the biggest member states. We have a team in Paris today. We are also going to Berlin. It is not only the smaller member states; it is the larger ones as well. You referred to CoCom, which evolved into the Wassenaar Arrangement and is very much in the more classical export control space.

We have learned how complex the sanctions world is these days, because we are no longer simply thinking about items that you consider to be classically dual use or for military use. The 45 items I referred to earlier can be used for civilian use but, equally, they are being found every day on the battlefield in Ukraine. That means that we need to think much more comprehensively about the restrictions that we are putting in place, and we would apply that to any future regime as well.

Lord Hannay of Chiswick: Is there a case for trying to formalise this co-operation a bit more for the future, in the way that we have done on financial services with the United States Treasury, for example?

Daniel Drake: I would absolutely echo what the Minister has said: that working informally has probably helped us over last two years. As soon as you formalise you can also run the risk of putting in restrictions, whereas we have been able to work in a very agile way. We have quarterly meetings with the EU where we take stock across the board, and then we have this regular, ongoing informal engagement. The EU also hosts regular meetings across the sanctions coalition in Brussels, and we are quite a leading member of that. We are normally part of the top three or four countries on the top table. I honestly do not think that we have missed out by not having the formal arrangements in place that you are suggesting but, of course, we always look at what is on the table.

Lord Hannay of Chiswick: Thank you.

The Chair: Let us move on to defence co-operation, which we touched on it briefly at the beginning.

Q99 **Viscount Trenchard:** Minister, what do you think about defence co-operation with the EU? The terms of participation for non-member third countries in EU defence projects and procurement are not as advantageous as they are for members in many cases. Some witnesses have suggested that we should persuade the EU that the UK is not a normal third country and that we should seek closer association with EU defence initiatives. Could you provide us with an update on UK engagement with EU defence initiatives?

Leo Docherty: Thank you. We have made the point that hypothetical barriers should not be put up to the hypothetical participation of the UK or any other third country in EU defence programmes or projects. We do that from a position of knowing and believing that the most meaningful form of defence co-operation between the EU member states and the UK, and indeed between member states themselves, is naturally bilateral.

Viscount Trenchard: Yes. In that context, could you explain why it is said, we have heard, that due to a bilateral disagreement with Spain there has been a delay to UK participation in the PESCO military mobility project, despite the UK's application to participate having been approved by the EU in November 2022?

Leo Docherty: You are correct. We are negotiating the administrative arrangement that would govern our membership of the mobility project.

It is probably best if I do not give a running commentary on negotiations, but we remain open to a resolution to that being found.

Viscount Trenchard: Thank you very much.

Q100 **Baroness Ludford:** Thank you, Minister. You just referred to administrative arrangement. In different contexts, several of our witnesses have proposed that the UK should seek an administrative arrangement with the European Defence Agency similar to the existing agreements that the EDA has with other partner countries such as the US and Norway. It has even been described by some of our witnesses as low-hanging fruit. What is the Government's current view on this possibility?

Leo Docherty: We are always open to considering new ways to cooperate and to collaborate for mutual benefit. Clearly, our focus is our NATO membership and our collaboration with NATO members therein. There is no ideological or philosophical objection to considering ideas about closer defence collaboration, but it would have to be driven by utility. As I said, in our experience, the best utility when it comes to defence arrangements, between the UK and EU member states and between member states themselves, is when it is done bilaterally.

Baroness Ludford: I am glad to hear you say that there is no ideological objection, but the overwhelming weight of the witnesses that we have heard from seemed to be that, to be honest, it is a no-brainer. It is a win-win on a very practical basis, and it does not conflict with NATO at all. I do not fully comprehend why it is not relatively simple to agree it.

Leo Docherty: We are hypothetically open to a discussion but, as I said, our institutional energy is in NATO. That is where the utility and the practicality lies, and it is only right that that is our main focus. That is the case for NATO allies themselves. Olaf will speak to some of the technicalities.

Olaf Henricson-Bell: In a previous evidence session with the committee we pointed to the test that the NATO Secretary-General has set out for supporting EU defence initiatives: first, their coherence with NATO requirements; secondly, that the capabilities they develop are available to NATO; and, thirdly, that they are open to the fullest participation of non-EU NATO allies. Those three tests remain relevant for us.

Although in the integrated review refresh we have been clear that we are open to a closer relationship with the different bits of the EU system on defence—look at the way we are working together on the training of Ukrainian soldiers, or the PESCO case that we just heard about—there are particular restrictions on the way third-country participation operates with the EDA, and indeed with other bits of the EU architecture, around intellectual property and the control of technologies that are developed through such projects, which we think are not best practice for the wider alliance. The question we heard earlier also speaks to whether we are

raising that with the EU. The answer is absolutely, as we know other third countries are.

The Chair: It is a bit curious, though, that the Americans seem to think it works for them on the issues that you raise, and yet we do not.

Olaf Henricson-Bell: It is not for us to speak for the Americans today, but I note that other third countries in the broadest sense would share some of the points that I just made.

- Q101 **Lord Hannay of Chiswick:** Following up what the Chair said, Norway and the United States clearly give absolute priority to their relationship with NATO. Are we suggesting that they have not found utility in their relationship with the European Defence Agency? If we assume that they do find utility in it and they also place great importance on NATO, why are we so different?

Leo Docherty: I cannot speak for the US or Norway. Olaf, perhaps you can answer that.

Olaf Henricson-Bell: It is the same as the point made to Lord Ricketts. Those points come up in our conversations with other third countries as frustrations with the way the systems work. The question is not so much whether there is an administrative arrangement as what people do once they have such an arrangement and what utility they gain from it.

- Q102 **Lord Liddle:** This question is on the same theme. We have been members of NATO. We are founding members of NATO. It is a wonderful and very successful organisation, but the one thing NATO has not succeeded in doing is making sure that European military effectiveness is as great as that of the United States. Given the amount of money that Europe spends somewhat ineffectively on defence, because each member state wants to do its own thing, do the Government accept the analysis that there is a fundamental problem with the way the nations of Europe—we as well as the other European nations—go about defence procurement and co-ordination of our military efforts, which frankly results in gross waste of public spending? As a result, should we not be trying to co-operate with efforts like the European Defence Agency, which are at least trying to do something about it?

Leo Docherty: You make a very good point. For many years, European militaries have been underresourced and inefficient, particularly when it comes to large-scale procurement projects. We are open to that criticism as well. I think the new security reality in Europe changes that. The actions taken by European countries in committing to properly resourcing their militaries and meeting their NATO obligations but also ensuring that they can deliver effect are significant. We are keen to work in partnership right across NATO but also with individual states to achieve that.

Whether or not the European Defence Agency is the answer to all those manifold cultural and military questions, I know not, but, as I said, we are philosophically open to a discussion about it, while noting that,

historically, the most effective procurement and delivery of military effect tends to be done by smaller groups of nations rather than large ones.

Lord Liddle: We have pottered along in this way for decades, but are we not now facing an existential crisis with the possibility that the United States might not fund the defence of democracy and liberty in Ukraine? Ought we not be recognising this factor, putting aside all these old arguments of the past and saying to Europe, "We want to work with you in making sure that we can have the best possible military answer to the existential threat that Putin poses?"

Leo Docherty: You are correct. For many years, many European countries took advantage of the European security umbrella. They were very pleased and able to have their security needs met by the Americans while underresourcing their own militaries. The answer to that is a more energetic commitment to our collective security in NATO. I think the last year and a half has changed all of that.

Q103 **The Chair:** Thank you. I have one more question on this area. I was very interested to hear a speech given by your colleague James Heappey, the Minister for the Armed Forces, at RUSI—I suppose I should declare the interest that I am a vice-chairman of RUSI—a couple of weeks ago. He identified industrial co-operation, to quote his speech, as "an obvious area where European nations, NATO and the EU can and must do more together". That is from an MoD Minister, which I thought was interesting.

We have talked a bit about the issues and the obstacles to getting more involved in European defence procurement activity, like third-party participation rules, but that struck me as quite a clear statement that there is an aspiration to do more, not just with the EU nations but with the EU. Is there anything else that you can tell us about what might be going on to give effect to that, beyond the theoretical openness to perhaps doing something more through the EDA? As Lord Liddle says, this is a moment of crisis in European security, and we would find any new ideas very interesting to know as a committee.

Leo Docherty: I note your question with interest, and I know that James Heappey spoke at RUSI. We make the point that we are keen that barriers are not put up and, as I said, we remain philosophically open to the discussion. But it has to attend to a practical opportunity that does not replicate, duplicate or indeed undermine anything that NATO is already doing or can do better, or that can be done better bilaterally in a more agile way, such as the way we are developing the next generation of fighter aircraft with Italy and with Japan. I think he was quite vague in his comments. I do not know whether Olaf wants to add any detail.

Olaf Henricson-Bell: As you said, the Minister for the Armed Forces made those comments in November. The same general direction of travel was also outlined in the integrated review refresh and the recent Defence Command Paper. I think you have a consistent position there.

On what that delivers, we have seen a step change in defence co-ordination, with the MoD talking to the EU. I mentioned earlier the twin training missions that we run which we have ensured deliver a coherent curriculum to Ukrainian soldiers. Indeed, the EU member states are in our training mission and have a liaison officer in that mission to ensure that we are delivering the same mission. Similarly, on co-ordination of military equipment to the EU, we work with the military bit of the EEAS to ensure that we are joined up there. Those are some examples.

The EU and NATO have traditionally sometimes worked together, for these reasons and for bilateral reasons. We welcomed their agreement earlier this year on a joint declaration of how they would do that, and we are very supportive of that. The threshold for us, as I said earlier, is the Secretary-General's tests and avoiding anything that undermines the European bit of the alliance rather than taking it forward. Lord Liddle's points are exactly the ones that we would make ourselves. At the same time, bilaterally, across that same period, if you look at what we are doing with Poland and the substantial defence investments that we are making together, I think you can see that there is a complementarity of those initiatives.

Q104 Lord Lamont of Lerwick: I was interested in the Minister's comment that the best collaboration internationally was with smaller groups rather than large groups. That seems to me an extremely important point. Despite the powerful case made by Lord Liddle, is there not a danger with something like the EDA that individual countries will want their just retour, each person will want to participate, and there can be an element of politics in this. We should never forget that sometimes international collaborative projects on defence equipment have turned out to be more expensive, not less expensive.

Leo Docherty: You are correct. That is the danger of working in committees and having committees design things. They are designed to please too many people and end up pleasing no one. I pointed to the example of our work with Italy and Japan on next-generation fighter aircraft. We have to be agile and to be focused entirely on outcomes. That is not a philosophical position. That is a very practical position. If you measure our output in those terms, it does seem that co-operation and collaboration in smaller groups is probably a more agile way to go. Poland has been mentioned. That is a good example of meeting an urgent need—the need of the Poles for better air defence. Had that been designed by committee it would probably have taken much longer.

The Chair: Let us move on to reconstruction, another important area.

Q105 Lord Liddle: I suppose the fundamental question on reconstruction is: do we regard the British contribution as sufficient? Is there more to come? I think we have committed £3 billion and the EU has committed £50 billion. I suppose you could argue that because the EU has in principle accepted that Ukraine will become a member, in order to get ready for membership the EU will have to pay a bigger proportion than we do, but do we think we are doing enough?

Leo Docherty: I think we are doing a huge amount. Look at the totality of our assistance to Ukraine in addition to the lethal aid we started with. Look at the way we have hosted the Ukraine Reconstruction Conference, where we have underwritten billions of pounds of loan guarantees to ease their fiscal situation. If you ask the Ukrainians, I think they would say that they are tremendously pleased and that we are doing a huge amount.

Lord Liddle: Should we be doing more?

Leo Docherty: We can and will do more. It is about ensuring that we have strategic patience and determination to keep it going into the long term. Our loan guarantees will extend across a five-year period, and our very important role will be to help to maintain resolve and commitment among allies to ensure that we all recognise that this is a long game and we all need strategic patience.

The reconstruction of Ukraine, recovering from the war and the development of its economy is a process that will take many years. You mentioned the EU pathway. Clearly, that is a particular function that will be used as a lever and an inspiration to drive institutional reforms, domestic changes, transparency and an even more reliable business environment. However, we all collectively have to expect that we will have to do more over a very long period of time, over years.

Lord Liddle: That is all very good and welcome, but it is very general. Is there a particular focus whereby you think Britain can help Ukraine better than other European nations can?

Leo Docherty: Our defence relationship will continue to be hugely important as they continue to put their military on a world-class footing in a very sustainable way, in a way that requires more domestic defence industry. I think we will be critical to that. Other nations will too, but I think we will have a critical role in that.

I think we will also be critical in ensuring that the British capital that wants to flow to Ukraine will be able to do so in order to take advantage of the fact that they have an extremely innovative, sparky, young population and a growing economy. That is why the URC was very important. It was a signpost that capital from the City of London and the UK could find opportunity in Ukraine. That will continue to be important. There are various technical things like war insurance and risk mitigation that underpin that, which technically we have led on and will continue to lead on.

Q106 **Baroness Scott of Needham Market:** A number of witnesses have told us that they regard dealing with corruption as an absolute prerequisite for the co-operation and reconstruction that you have just described. They have also suggested areas in which the UK has particular expertise that could be of use. What assessment have you made of the UK's strengths there, and what sorts of conversations are you having with EU partners? Do they see our strengths in the same way that we do?

Leo Docherty: That is a terribly good question, and you are absolutely right. Tackling corruption is hugely important to Ukraine and to anyone who wants to do business there, and if we want the economy of Ukraine to grow and prosper and therefore to drive their war effort. We have been very pleased, therefore, to support the establishment of its national anti-corruption bureau and to work with it institutionally to take that agenda forward. That is an important part of the Ukraine plan from the EU side and we co-ordinate on that.

I also should mention that we have the UK Good Governance Fund, which is a £38 million, three-year technical assistance programme that supports good governance, economic resilience and growth. That links in to the EU effort, which, of course, is the Ukraine plan. Olaf, do you want to add anything?

Olaf Henricson-Bell: To join up these two questions, if you look across all the axes of support to Ukraine, competition has been quite healthy and helpful. We have been ahead of the game with provision of some aspects of military assistance—think of Challenger and so on—and the effect has been to pull others in behind. The same is true on sanctions, in the way the Minister talked about earlier.

Equally, we recognise that the scale of the EU's funding for reconstruction, which flows a bit from the experience of enlargement in the 1990s and the 2000s, is different in scale than what we will try to do in that area. If there is a division of labour there, we hope it is a productive one, but that does not mean that we are not trying to contribute to it in general areas, such as the macrofinancial assistance point that was made, and in areas where we bring something different, such as the war risk insurance and the use of the private sector, and the point on corruption.

Q107 **The Chair:** Can I broaden this out? One of the objectives of our inquiry is to think about EU-UK co-operation in these issues. Presumably the reconstruction effort in Ukraine will morph into the preparation of Ukraine to become a member of the EU, which will be a long-term process—a decade, I guess, at minimum—in which the UK and the EU will need to co-ordinate closely. I am assuming the Government would agree that it is in our strategic interests in European security terms for Ukraine to be a member of the EU in due course. It is their issue not ours, of course, but can you foresee the need for some longer-term co-ordination as these programmes develop and increasingly become about preparing Ukraine to join the EU?

Leo Docherty: You are right; there is a complementarity there. Clearly, we have an interest in helping Ukraine to realise its potential as a growing, corruption-free, prosperous state that is resilient and has a bright economic future as part of its ability to maintain its own sovereignty. If our efforts to help it do that through the Good Governance Fund and all our other efforts to support it financially, technically and institutionally are, at the same time, allowing it through, say, sovereign choice to head towards being a member state of the EU, that is a natural

and inevitable coincidence of effort. We will clearly be co-ordinating, because that is at the heart of ensuring that our money is spent well and deployed effectively.

Olaf Henricson-Bell: There is already a multidonor platform, that is established in Brussels. The Commission hosts it, but it involves the US and others. It is designed precisely to do the long-term co-ordination and avoid duplication, which, as the members of the committee know, is always one of the real challenges in reconstruction efforts. We have a secondee in that platform, so the methodology of that is already established. That platform is the means by which we as donors and the Ukrainian Government are trying to come up with a joint Ukraine plan that is a co-owned way to bring together the needs and the funds.

Q108 **Lord Hannay of Chiswick:** Following on that point, some of the evidence we took from non-British witnesses—the former French Minister for Europe, for example—recognised that in the circumstances we are talking about, where there are several substantial donors and the donee, as it were, has a bad reputation for corruption in the past, typically there is a real risk that the donors can be played off against each other and that the donee’s corruption is not brought under effective control unless there is very close co-ordination. Do you recognise that point as valid, and do you think that what exists already in Brussels is sufficient to deal with that over a longish period and with very large sums of money, particularly from the EU?

Leo Docherty: You are right. That risk does exist. We are alive to it. I do think that we have the institutional and liaison mechanisms in place to ensure that that money is not wasted or embezzled through corruption. Reassuringly, it is our judgment and experience that the Ukrainians know this and are using and expending significant political capital in dealing with and facing off corruption in their own system and recognising it as a potentially very serious threat. In our judgment and experience, they are sincere in their efforts to deal with this.

Q109 **Baroness Blackstone:** At the beginning of our conversation this afternoon you put a lot of emphasis on the extent to which individual country members of the EU and the UK prefer to talk to each other bilaterally. Would not reconstruction be an area where it is better to talk to the EU collectively rather than to individual countries? Are there perhaps other areas where it is better to talk to the EU rather than to member states?

Leo Docherty: It is about us talking to Ukraine, because it is their country and we are helping them to reconstruct. That is why we have the Multi-agency Donor Coordination Platform; it brings everyone together in a multilateral hub. You should be reassured that there is multilateral co-ordination driving that agenda forward.

Olaf Henricson-Bell: That is with the EU and the member states. As your question implies, most of the time when you are working with the EU it always means institutions and the member states.

Leo Docherty: And IFIs.

Q110 **Baroness Ludford:** We do not yet know whether the European Council, which I think is meeting tomorrow, will adopt the recommendations on opening accession negotiations with Ukraine and Moldova. Personally, I hope they do. Recognising, as the Chair already alluded to, that any accession of Ukraine will be a matter for the EU, not for the UK, do the Government consider that an EU that had Ukraine as a member state would be in the strategic interests of the UK and, indeed, in the security interests of the broader Europe, including the UK? What implications, if any, would Ukraine's accession negotiations with EU have for UK-EU relations and for the TCA?

Leo Docherty: Our strategic interest lies in having a Ukraine that is prosperous, sovereign, liberated and a strong ally of the UK. If it, through its own sovereign choice, embarks on a journey towards membership — we do not want to prejudge the announcement or judgment of the Council this week— if their journey towards EU membership allows it to do that, then that is clearly a good thing, but that is its sovereign choice. Because of the closeness of our relationship with the Ukrainian Government and the depth of our strategic alliance, I am confident in saying that we will be intimately involved in institution building and helping the Ukrainians to realise their full potential and rebuild their country during and after this war, whether or not they are in the EU.

Baroness Ludford: I confess that I find that a somewhat limited view. I do not know if you have had a chance to read it, and it may not be your normal reading, but in the *Guardian* today there is what I found to be a very powerful article by two people at the European Council on Foreign Relations commenting on polling, which showed a mixed result for EU citizens in how they viewed, in security terms, the accession of Ukraine. Given the challenges already and in the future from Russia and China, surely—leaving Brexit and whatever aside—anchoring Ukraine in the EU and strengthening the EU to help to defend the West and our way of life must be in the strategic and security interests of the UK.

Leo Docherty: Having a prosperous and secure Ukraine that is at an advanced level of European institution, business and so on is clearly in everyone's interests. If it achieves that as part of its journey towards EU membership, we wish it well. What is abundantly clear to us is that there is huge potential in Ukraine that it has yet to realise. If its journey towards EU membership is a spur to realising that potential, that is a good thing.

Q111 **Lord Hannay of Chiswick:** Just for one moment assuming that either this week or in the not too distant future accession negotiations begin, I imagine the FCDO recognises that the process of that negotiation, the way it is implemented over a lengthy period, will have quite important implications for Britain's own relationship with Ukraine, given that Ukraine will then behave and be treated as a member of the European Union, perhaps in a somewhat sector-by-sector approach. That is one possibility. Have you set any work in hand for considering what the

relationship between the UK and a Ukraine that is on its way into the European Union will be, and what sort of arrangements we should aim at during that period and beyond?

Leo Docherty: That is a terribly good question. We are confident that our relations with Ukraine will always be extremely warm and close, but it is only right that we should consider the possibility of the hypothetical situation you paint. I know that Olaf has done some work on that.

Olaf Henricson-Bell: The question is most in our minds about Ukraine, but it could equally stand for how we feel about enlargement across the continent in general, because there are several other countries that would see themselves in that category. So yes, there is thinking ongoing about what that means for us.

The only comment I will make today is that there is a huge amount of complexity and a lot of water to flow in that, as there already has been; if you speak to colleagues in the Balkans of the experience of the past 15 years, they will talk to you at length. There is a mechanical complexity. You mentioned one model that has been proposed, which is having a sectoral approach to the elements of the single market and the acquis, but there is also political complexity and a debate about how the different countries and different phasing would work and how that relates to the institutional structures of the EU. That is not for us, but just as an outside observer I note that that is a complicated process to envisage.

We also need to make sure that, as we think about that medium and long-term question, we do not lose sight of the immediate term, which is helping Ukraine to win this war. There is sometimes a tension in looking so far at the horizon when there is a very live and challenging situation for the Ukrainians on the battlefield. That is one of the points that we will bring to that conversation.

The Chair: I would just observe that Governments must look at the short term and the long term at the same time. That is one of the complexities of life.

One final point on this. As Baroness Ludford said, presumably there are implications for us through the TCA if, as you put it, there is institutional change and evolution in the EU in the process of taking on the next wave of enlargement, since we have our own structural relationship with the EU. Is that one element of the work that you are doing?

Leo Docherty: Yes, indeed, and that is the most immediate technical consequence of the enlargement, so we are alive to that prospect. As the question of enlargement unfolds, we will consider our analysis in exactly that context.

Q112 **Lord Hannay of Chiswick:** As I imagine you may recall, Minister, when we spoke to you in the context of our UK-EU future relationship inquiry, which we finished at the end of April, we asked you whether you saw arrangements for foreign policy and security co-operation with the EU developing further in the future. Could you tell us what progress you are

making on that now? Could you also perhaps respond to the question whether what has happened since we undertook that inquiry, some time ago, has basically strengthened the case for a strategic framework between the European Union and the United Kingdom? It brings in very important issues, like the relationship that all of us will have with China, for example, or with a post-conflict Russia. These critical issues seem to point towards a stronger strategic framework between the EU and the UK. Is that your view? Could you comment on that?

Leo Docherty: Although we can have certain specific technical opportunities to discuss things with the EU, whether it be cyber or counterterrorism, the broad point and my broad view is that the absence of formalised structures is not a disadvantage; it is actually an advantage. The last 18 months, during which we have lived through a radical upturning of the security situation in Europe, demonstrate that when we need to, we can have very close co-operation, strategic alignment and close working in a way that is not disadvantaged by there not being formal structures. The absence of formal structures gives us a degree of agility that is very important in a political response to security challenges, and I think the last year and a half have demonstrated that.

Lord Hannay of Chiswick: So your mind, which was open then, has now closed.

Leo Docherty: I would not call it closed, because I am, by nature, open-minded, but if we are driven by outcomes and practicalities, the last year shows that although we have no formal foreign policy structure with the EU, when it comes to the crunch in delivering effect, that does not disadvantage us. It is an advantage, because we have agility in dealing with Russian aggression in Europe or Chinese competition around the world. Agility in being able to lead policy has been hugely important, and I think our national response to Ukraine shows that.

Olaf Henricson-Bell: The start of your question was about whether the recent past has strengthened the case for co-operation. We would say it has. Indeed, it has also strengthened the practice of that co-operation. The nuance here is not about what should happen; it is about whether a formalised framework adds that value. My team is here with us, and over the last year they have seen a significant uptick in the engagement between our different areas of foreign and defence policy with the EU. From our perspective, it being regular does not necessarily mean that it has to be formalised.

Leo Docherty: You are right, Olaf. I would say that it is not about the architecture, it is about attitude.

Lord Hannay of Chiswick: There was an EU-Chinese summit earlier this week. What consultation did we have with the EU about that before the President of the Commission and the President of the Council went over?

Olaf Henricson-Bell: We not only discussed it in Brussels, when the Foreign Secretary was there two weeks ago, with the high representative

and the executive vice-president of the Commission, but we spoke to the team behind President von der Leyen's landmark China speech about six months ago ahead of that speech. You can see a dovetailing of the approach that she laid out on de-risking and the one the then Foreign Secretary laid out at Mansion House. That is a very good example of where informal debate does not mean that we will always agree, but that informal exchange is very clearly in place in the absence of a formalised structure.

Q113 Viscount Trenchard: I want to pursue the agility point a bit further, as you have just been explaining, Minister, because many have suggested that it was our independence from the EU's formal structures that permitted our rapid response to Putin's illegal and horrific invasion of Ukraine, and enabled what was arguably a leadership role that we took with that.

I also want to link that with your mention two or three times this afternoon the GCAP programme, in which I am extremely interested. It is a trilateral arrangement of three countries, one of which has never been an EU member at all, the UK and Italy, which presumably is bound in all the EU defence structures. It is very interesting that we were able to agree that. It is a long way before we complete it by 2035, on time and on budget, but it is interesting. Also, what do you think about Germany's recently declared interest in exploring whether it could join, a bit late in the day perhaps?

Leo Docherty: Those are terribly good questions. We had agility with our ability to bilaterally respond to the Russian invasion, being the first nation to deliver lethal aid and the first nation to deliver heavy armour. I think we were able to do that, because we had that agility and we were not encumbered by any multilateral or committee-like discussion.

We must recognise the political impact and importance of leading by example. In the case of heavy armour, we made that decision and delivered what was small in number but hugely important in political impact that opened the doors to EU member states delivering Leopard tanks. We were unencumbered by any of the complexities of needing to discuss it with any other nation other than Ukraine. That gave us a tremendous advantage and that does matter.

You asked also about GCAP. That is a very good example of collaboration with one EU member state and a non-EU member state, both nations with a tremendously potent track record of aviation and military aircraft production. It is not for me to say whether that is open to other nations but, as you pointed out, the fact that it is a triumvirate makes it more agile than many of its similar competitors. We are grateful for that simplicity of effort.

The Chair: Just for our online audience, GCAP is the same thing as Tempest, the new next-generation fighter jet aircraft.

Q114 Baroness Anelay of St Johns: Much earlier in our session with you today, Minister, your colleague Daniel Drake referred specifically to the

creation of the Office of Trade Sanctions Implementation, which I understand will occur from January. That announcement was made by Minister Ghani at the Department of Business and Trade, not by the FCDO. Could I have a view from you on what plus this is specifically for the FCDO? What is the plus benefit that we do not have yet at the FCDO which this announcement delivers?

Daniel Drake: Within the Whitehall sanctions architecture, the Foreign Office, as you know, owns the primary legislation, the Sanctions and Anti-Money Laundering Act, and the overall responsibility for the design and policy on sanctions, but we have to work closely with departments such as DBT and HMT when we are designing in their area—with DBT and the trade space in particular. They also have the responsibility for the implementation and enforcement of sanctions in their sectors.

DBT, like other departments, has scaled up quite significantly, but it did not have a formal structure in place in the way we had for financial sanctions. It was an early example of using the money from the Economic Deterrence Initiative for a very practical effect. From the Foreign Office's point of view, that is absolutely a positive thing, whether it is with HMRC, the NCA, HMT, departments like the MoJ or DCMS in their particular sectors, all of which have been investing in implementation of sanctions relevant to them.

The scale of the measures that we have imposed means that this has become a genuine cross-Whitehall effort. It is a very positive thing for the Foreign Office that other departments like DBT are investing in this way.

Baroness Anelay of St Johns: That is helpful, because although Anne-Marie Trevelyan had a press release put out, it did not give us the flesh on that.

Olaf Henricson-Bell: We talked earlier about the comparison with the Cold War and how you have to adapt sanctions to the nature of the economy of the day. I would observe that the way we have had to respond to Ukraine has required us to be creative and to look at new ways of sanctions and need to bring in a wider section of Whitehall. The same thing has happened in Brussels, where sanctions used to be a listings exercise that the EEAS, the foreign policy bit of the Commission, would do. Now you see the financial services bit running large chunks of it and the equivalent of DBT doing the same thing. That is a global trend and one that you need if you want to be robust in how you address trade sanctions.

The Chair: Thank you very much. Thank you, Minister, for the full 90 minutes of intense discussion. It is much appreciated here. Thank you, Olaf and Daniel, for your contributions.