



European Affairs Committee

Corrected oral evidence: Secretary of State for Foreign, Commonwealth and Development Affairs (non-inquiry session)

Thursday 14 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; Lord Liddle; Baroness Ludford; Baroness Nicholson of Winterbourne; Baroness Scott of Needham Market; Viscount Trenchard.

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Questions 1 - 34

Witnesses

I: The Rt Hon Lord Cameron of Chipping Norton, Foreign Secretary, FCDO; Olaf Henricson-Bell, EU Director, FCDO.

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Examination of witnesses

Lord Cameron of Chipping Norton and Olaf Henricson-Bell.

Q1 **The Chair:** A very warm welcome to this public evidence session of the House of Lords European Affairs Committee. Our witness this afternoon is the Foreign Secretary, Lord Cameron. Thank you so much for finding the time to come to us so soon after you took up your role for your first Select Committee hearing. Welcome also to Olaf Henricson-Bell, who is a regular visitor to us as EU director in the FCDO.

Foreign Secretary, there is a lot of ground to cover across the whole range of our relations with the EU and European countries, and we will fit in as much as we can. Thank you for the generous time you have given us. It is a time of multiple challenges and crises, perhaps more than I can ever remember during my career.

Let me start with a general question to get us set. We are now almost a year on from the Windsor Framework. Could you talk to us about how you see the state of our relations with the EU and European countries, and what your ambitions are to achieve in the next year, to pick a timeframe?

Lord Cameron of Chipping Norton: The relations are positive and driving quite good results in the areas where we want to have them. The way I see it is that we have decided not to be a member, but we can be friends, neighbours and partners. We make that partnership work as well as we can and it is delivering in all sorts of ways.

As I said in the House the other day, the Windsor Framework was a superb piece of negotiating. I know from bitter personal experience how difficult it is to negotiate when everything is public. The fact that there was a set-up that managed to keep some of the most sensitive elements private led to a very successful negotiation, and I am hopeful that that will lead to the restart of the Northern Ireland institutions, which is being discussed at the moment.

One of the things I did, or rather did not do, after leaving office was purposely not speak to European leaders who I knew very well. I did not want to undermine in any way the Government's negotiating position when they were negotiating the withdrawal agreement or, indeed, the Windsor Framework. I stayed out of it, because there is always the problem that people might think that you are a back channel or what have you, so I stopped those relationships. Coming back, it has been interesting to see how it is working and how problems are being fixed and opportunities taken. A lot of the heat and anger has come out of the relationship. It is now much more functional and is functioning well.

Q2 **Lord Lamont of Lerwick:** Good afternoon, Foreign Secretary. In our last report, this committee recommended that the UK and the EU deepen and improve their relationship on foreign and security affairs. It also proposed limited structured arrangements, which the Foreign Office was not so keen on. It depends very much on what one means by "structured", but I

do not think that anyone meant joining the CFSP, having a large bureaucracy or anything like that. Do you really believe that ad hoc co-ordination, just when issues arise, will really be sufficient to address long-term strategic issues such as China or Gaza?

Lord Cameron of Chipping Norton: I am a very practical person, and what matters is what works. I would argue that the biggest challenge we have had is Putin's illegal invasion of Ukraine. The British, European, NATO and international response has been a huge success. In working with the EU and others in that time, the UK has developed its own structure. It is not unstructured, but ad hoc arrangements have been put in place. Whether it is delivering military capability, training or the sanctions regime, all the separate aspects of co-ordination have worked very well.

One should never rule things out and say that we would not look at this or that idea, but your flexibility to meet a challenge by putting together a G7, UK, EU or NATO partnership really helps. I can think of all sorts of things that we could do to improve our own performance when it comes to, say, defence production to provide more weapons to Ukraine, but the international co-ordination done in this ad hoc way has been very effective.

Q3 **Lord Lamont of Lerwick:** What effect will there be on UK-EU relations from Britain joining the CPTPP arrangements in the Far East and the tilt to Asia?

Lord Cameron of Chipping Norton: If you leave the EU, the key thing is to take advantage of the new situation that you are in. We are not in the customs union. We are not in the single market. We are making this partnership work and, as part of that arrangement, we are free to make these trade arrangements with the rest of the world. I am delighted that we are doing the CPTPP. We will be one of the largest players in this new emerging bloc, and we can help to shape, develop and grow it.

As the debate during my maiden speech showed, it is currently a small percentage of our trade, but these are some of the fastest-growing economies in the world. We can do that consistent with our obligations under the withdrawal agreement and make that work, and that is what we should be doing. There is no point leaving and not taking advantage of leaving. That is what we are doing with things like that. There is a capacity issue in how many trade deals we can do and how quickly, but, again, I have been impressed that a lot of very good work has been done, and we need to keep that up.

Q4 **Lord Hannay of Chiswick:** Just following up on the point about the structured framework that might be considered, I am sure you are familiar with the fact that your successor as Prime Minister included such an idea in the political declaration that was attached, which was then retained at the time the trade and co-operation agreement was agreed but then dropped. Does that not imply that both sides think that that would be quite a useful thing to do?

I am not trying to lead the discussion on to a substantive discussion on China, but it will be much trickier to have full ability to talk through issues in relation to China with our European colleagues, particularly if it becomes seriously difficult because of US-China relations, if we do not have some structure of that kind that provides for it, because you would then have to create it, as it were, on the hoof. I just wonder what your feeling is about that.

Lord Cameron of Chipping Norton: On the bigger point that you are making about whether we should be ad hoc or structured, I am, as I said, practical and results based. The things that I can see us doing on an ad hoc basis seem to be working very well.

In a weird way, I liken it a bit to the coalition. When I was running the coalition Government, the Civil Service advised, quite rightly, that, "We must have a coalition committee for whenever there is a problem. All the panjandrums will gather and we will use that to iron out the difficulties and reach a conclusion". It met once, when we had had a row that was so bad that we had to get together in front of everybody to show that we were still committed to the coalition. It never met, because we found very good ad hoc ways of getting things done.

Although I accept that structures can sometimes help, we are really asking, "What is the best way of maximising the British interest and getting the things done with our partners that we want to get done?" For instance, we have regular dialogue on China with the EU. Part of our policy is very much to align with like-minded countries on China. I am looking at this, but from what I can see it goes partly to who we are and what we are like.

As a brilliant industrialist put it to me the other day, we are big enough to matter but small enough to be nimble. If we were a much smaller country, it might be more important to insert ourselves into one of these structured dialogues, but, when the EU is looking for a partner, we have the most capable military, the biggest diplomatic network and the second biggest aid budget. We have huge capabilities, so I do not think that we are in the position of saying, "Please can we join your China dialogue?" We have a very important relationship with China, and huge historical knowledge and everything else, so we are natural partners to talk to and have a conversation with. It is a question of what works, and this is working well.

Q5 **Lord Liddle:** Along with Lord Ricketts, I am a member of this Parliamentary Partnership Assembly that has been set up between the EU and the UK. It is pretty evident to me that, on the European Parliament side, there is a lot of support for a more formalised defence and security relationship as time goes on, particularly among the EPP and the Christian Democrats there. Why should Britain not take advantage of that if there is a warm feeling that it is desired?

I do not want to go back over the referendum campaign, but one of the points you made as Prime Minister, most forcefully and impressively, was

that being a member of the EU helped us to maximise our influence on foreign policy and security. Have you changed your mind on that?

Lord Cameron of Chipping Norton: If you are a member of the EU, you are in those structures and you try to bend them to your will as much as possible. That can sometimes be frustrating, because you want to issue a statement on Gaza and are held up by Luxembourg and Malta, but you are in and you make the most of it. When you are out, it seems to me that the most important thing is to ask yourself, "How do we get done what we want to get done? How do we maximise our influence?"

I would argue that we led the Ukraine training mission, for example, while we were still in the EU. We have supercharged our leadership of it outside the EU and are working with EU partners in our training programme, and that is working very well.

Thank you for what you do. The collaboration between parliamentarians is part of the trade and co-operation agreement. There are structures in the trade and co-operation agreement, and there are committees that meet to discuss all sorts of issues. Some of them are doing great work—they have had something like 42 meetings in the last period—but we sometimes find that we are getting things done more quickly through these ad hoc mechanisms. I have mentioned sanctions with Ukraine. That one is working well. The economic and military support for Ukraine is working well. The training programme for the military is working well.

It is a question of finding what works. It is a mistake to think that, having left, the best thing is to try to recreate the sorts of structures that you had when you were in. I do not think that we should do that. We are in a new situation, out of the single market and out of the customs union, with a trade and co-operation agreement and with all the equities and powers that we have. How do we make the most of that and how do we maximise the British interest and the British impact? That is the question that we have to answer.

- Q6 **Viscount Trenchard:** Foreign Secretary, the European Political Community, which has just been mentioned, provides a platform for the UK to engage on an equal basis with EU member states. It started very well, although I am not quite sure that the third meeting in Spain received as enthusiastic a response from all quarters. I understand that the press conference planned for the end of that meeting was cancelled and, as a result, there is, as yet, no date fixed for the next meeting of the European Political Community, which you, I imagine, will host here in London. How would you assess the value of the meetings so far? What will be the UK's priorities for the next meeting? When will the date be fixed?

Lord Cameron of Chipping Norton: First of all, it was a good idea. It was President Macron's initiative, and it was particularly timely with everything happening in Ukraine. I was not around at the time, but, from what I have read, there were some very useful discussions on immigration and on energy, and we and European partners were able to

use it for quite strong but informal agreements in those areas. I am in favour of it continuing. It is a useful forum. We are committed to hosting a meeting, which we want to do. We are discussing with partners exactly when that should be. We do not have a date set, but, as soon as we do, we will let you know.

It is not too structured at the moment. It is, rightly, quite an informal, leader-level opportunity to discuss these issues. Immigration and energy are two interesting areas where this whole question about structured or not structured is interesting. I remember my first meeting with Maroš Šefčovič in the Commission. One of the simplest things that we ought to be doing on energy is having a better free flow through our interconnectors at an effective price. If we are overproducing wind power, that is cheaper energy for Europe. If French nuclear stations are running longer and faster and the wind is not blowing, that is cheaper energy for us, so getting that agreement is important.

When you want that, maybe the first thing the Europeans will say is, "We'd better have a huge, structured energy structured dialogue". Maybe we have to have that, but I am interested in getting the early win for British consumers and British energy providers. There is sometimes a danger of putting something into a structure whereby every European country has to be consulted and everyone has to take part and you get absolutely surrounded by bureaucracy but nothing gets done. There are dangers with overstructuralisation, if that is a word.

Q7 **Viscount Trenchard:** Could I follow on from Lord Liddle's question about structure versus non-structure? We have recently announced a treaty—the Defence Secretary signed it this morning in Tokyo—establishing the trilateral global combat air programme aircraft together with Italy and Japan, which has not needed any EU defence structures to be realised, or at least to get to the kick-off point. It involves Italy, which is a full EU member and presumably subject to the rules of EU defence structures, Japan, never an EU member, and the UK, a former EU member. That is very interesting.

I would also like to ask whether you think there will be other such agreements. Lord Lamont talked about our tilt to the Indo-Pacific. Surely, the EU will also want to tilt to the Indo-Pacific, because CPTPP countries are growing twice as quickly as EU countries, and more than half of the global growth predicted over the next 10 years will be in Asia-Pacific. Will they not want to do the same?

Lord Cameron of Chipping Norton: I am sure they will, but it comes back to my "big enough to matter, small enough to be nimble" thing. Our tilt to the Indo-Pacific is not just a phrase. The AUKUS agreement is a classic example where they want to include us because of our submarine capabilities. That is a big and important move. We are one of the few countries to have the new status at ASEAN. With the Hiroshima accord with Japan, something that would have been unthinkable in my parents' or grandparents' day is British forces training and doing live exercises with Japanese forces in Japan.

These are things that the Indo-Pacific tilt consists of, and CPTPP is the most significant of them, but it is a properly thought-through policy with a number of real things that are happening. I am sure that if the EU wants to find its own way of doing those things it can, but we are of a size and scale where we are capable of making these steps ourselves and making a success of them.

Q8 The Chair: Foreign Secretary, before we come to Ukraine, where we have a number of questions, I just wanted to ask you about our bilateral relationships with two major European countries. It is 13 years since Lancaster House and the UK-French treaties, and I would be interested to know how you see the prospects for further UK-French foreign policy and defence co-operation.

There was a summit on 10 March between the Prime Minister and President Macron, which had a long laundry list of things, but I wonder how you see the state of that relationship. In particular, although it does not have to be exactly the same as the French, is there the same scope to have a more strategic long-term security and defence relationship with Germany as well in the new state of European security?

Lord Cameron of Chipping Norton: I am very proud of the Lancaster House agreement. I had a very wise National Security Adviser at the time advising me about it. I cannot think who it was. It has always struck me that the UK and France have militaries of similar scale and ambition. We are both nuclear powers, both military and civil. We are both permanent members of the UN Security Council. We both have interests around the world. We both have relations with former colonies that, either through the Commonwealth or the Francophonie, are important to us.

This idea of trying to come together and build this stronger alliance and to co-operate in all sorts of defence areas, but also in the most sensitive nuclear areas, was a great ambition. I was glad that it was realised and has been a success—more successful in some areas than others, but none the less a success. There is a real opportunity next year to take it a step further if we can sort out a really high-level and powerful Anglo-French summit, which I am sure we can. There is great enthusiasm on the French side, as there is on the British side, so all to the good.

My ambition would be to try to do more. We both have the same challenges of living in a more dangerous and uncertain world. We have extraordinary military capabilities but extraordinary costs of maintaining them, and there are things that we can do and share.

We do have a very high level of strategic dialogue and partnership with Germany. I do not think it is quite the same. It is not a nuclear power in the same way, and the military ambition and reach is different, so I do not think it will work in quite the same way. There are other things that we can do with the Germans. Indeed, I was talking to my German opposite number this morning about the situation in Israel and Gaza, and we are very like-minded on all the things that we want to do and that we

want to see change there, but I do not think that a Lancaster House partnership would be appropriate.

The Chair: Next year is the 120th anniversary of the entente cordiale, which is a very good peg for another push forward on UK-French relations. Sorry, I will stop the advertisements.

Q9 **Baroness Blackstone:** Good afternoon, Foreign Secretary. Following up on the Chair's questions about bilateral relations, particularly with France, a more specific but very topical area is the one you just mentioned: your discussion with the German Foreign Minister. Have you had any discussions with President Macron or his Foreign Minister on the whole issue of Israel and Gaza? He has taken a rather different position to that of the UK Government—in particular, in requesting an immediate ceasefire around 10 days ago.

Lord Cameron of Chipping Norton: I have not had a conversation with President Macron. I have already had several meetings with his Foreign Minister. It might be worth giving a proper answer to this question. I do not want this conflict to last a moment longer than is necessary, but if we are going to have a ceasefire, it needs to be a sustainable one in which Hamas is no longer at risk of repeating 7 October.

Our voting record at the UN, and what we have said, is that we are in favour of humanitarian pauses. We would welcome another urgent humanitarian pause to get aid in and hostages out, and we want to see this conflict end as soon as possible, but we want that to happen with a sustainable ceasefire. The problem with the UN resolution that came before the Security Council and then the General Assembly, and why we abstained on it rather than voting in favour of it, is that it was asking for an approach that says, "immediate ceasefire, but two-state solution", as it were. That is what people want.

Those two things do not go together. If you have an immediate ceasefire but Hamas is still armed to the teeth, launching rockets into Israel and wanting to repeat 7 October, you will never have a two-state solution. I know the British can be annoyingly logical, factual and down to earth about it, and I totally understand countries that sign up for an immediate ceasefire, say that they want a two-state solution and do not reconcile those things, but I think we should try to reconcile those things.

So yes to urgent pauses, yes to aid in and hostages out, yes to sustainable ceasefire and yes to a two-state solution, but I do not think that we should vote for things that are inconsistent with those views. That is the difference between us and what the French and others voted for. The Germans abstained with us when the vote went to the General Assembly, but I think our approach is the right one.

Baroness Blackstone: Have you really any hope of getting, in the medium term, to a two-state solution and working with our European partners on such a development in a context where, in the West Bank, a huge amount of what was Palestinian land has now been occupied by

illegal settlements?

Lord Cameron of Chipping Norton: Getting to the two-state solution is extremely difficult and has, in many ways, been made more difficult by what happened on 7 October, because ordinary Israelis think, “How can we ever have a two-state solution if the state is run by these people?” In the short term, it feels more difficult, but we must try to use the horrific nature of what has happened to think of the long term and how you have genuine peace and stability for Israel that involves peace, stability and justice for Palestinian people having a state of their own.

Is it now physically impossible? No, I do not think it is. I was in Israel recently, and every time I go I always ask for the same tour by the same person, the charming Daniel Seidemann, who walks you around east Jerusalem and shows you the latest state of settlements and says, “Yes, it’s getting worse, but it is still possible to bring about a two-state solution if we act with purpose”. It is still possible. The pathway to getting there from where we are today is very difficult, but you have to start with a sustainable ceasefire—in other words, Hamas not being capable of doing what it did.

You then have to think about what comes afterwards in terms of how you bring stability, security and services to Gaza. You have to think of how you reform and revitalise the Palestinian Authority, because, ultimately, although many people point out its weaknesses, it is still a body that represents many Palestinians and has capabilities in Gaza. Then you have to start thinking about what principles and actions will get you towards a two-state solution. It is hard to do that. If all you have is a set of principles, you are not really going to get buy-in from the Arab states and others that want to see these things happen. If you have a fully announced plan on day one, the thing will probably fall over and collapse and you will not get anywhere. It is about how you go between those two poles to create something where people can see that there is real momentum and progress towards a long-term solution. Is it impossible? No, but it will be very hard in the months ahead.

Q10 **Lord Hannay of Chiswick:** As a very short point on that, I noted that, this morning, the Israeli ambassador said flatly that a two-state solution was completely ruled out for her Government. Do we think that she was speaking on instructions, and what are we going to do about that?

Lord Cameron of Chipping Norton: I do not know, is the answer. I read the transcript and it is disappointing. True security and stability for Israel is something that I care deeply about. I believe in Israel as a homeland for Jewish people. I believe in its right to exist, to thrive, to defend itself and all the rest of it. Long-term security requires there to be a state for Palestine as well. I do not think we should put too much weight on one interview. We have to get on and think about how to help make this happen.

The Chair: Let us move on, Foreign Secretary, to what you have called the defining challenge of this generation, which is Ukraine.

Q11 Lord Jay of Ewelme: Welcome, Foreign Secretary. I would like to ask a question about the war in Ukraine. You went to Ukraine early on in your time as Foreign Secretary, which many of us were extremely pleased to see. Last month, Ukraine's commander-in-chief said, "As in the First World War, we have reached the level of technology that put us into a stalemate", which was a pretty chilling thing to say. I just wondered what you thought we the United Kingdom could do to help Ukraine out of that stalemate, and whether you thought that we could succeed.

Lord Cameron of Chipping Norton: There are two things in the short to medium term. One is that, while there is something of a stalemate on land, there certainly is not on the Black Sea, where, in the last few months, the Ukrainians have, effectively, pushed the Russian navy right out of Crimea and Sevastopol back across the Black Sea and, in the process, sunk a significant proportion of the Russian Black Sea fleet.

That is important, first, because it shows how badly this war is going from Putin's point of view—remember, he has lost something like 300,000 troops—and, secondly, it opens up the shipping lane for Ukrainian ships. Something like 280 ships have already used the new safe lane. It is not the grain initiative or some UN thing; it is force of arms that has brought this about. That means that Ukraine is exporting again and the economy is growing again.

That leads to the second point, which is that we have to show that we are in this for as long as it takes, with whatever it takes to help the Ukrainians. That is military and diplomatic support, but also economic support—not just finance but helping them to grow their economy, which helps them to sustain what they are doing.

So the naval picture and the economic support and getting the economy growing, combined with the recovery conference that we hosted here in London in June, are all crucial. Obviously, we are meeting at a time when the EU is thinking about its package and the US about its package, and the best Christmas present that we could give to the Ukrainians is to pass both those packages. If we do not, we are giving a Christmas present to Vladimir Putin, and we should not be doing that.

Q12 Lord Jay of Ewelme: I was going to ask about that last point. How united are we and the EU? Zelensky clearly had a quite difficult meeting in Washington this week. If you were sitting in Ukraine, how united would the West seem?

Lord Cameron of Chipping Norton: First of all, sitting in Ukraine, I was there for only a few days, but you do get this incredible sense of national unity about what it is doing, and there is no sense that the war will be lost. There is no lack of enthusiasm in Ukraine. People say that Zelensky's approval ratings have slipped to 80%. I used to dream of approval ratings of 30%, let alone 80%. There is an extraordinary unity in Ukraine for what it is doing.

If you stand back and look at the big picture of what has happened compared with what Putin thought would happen, you have not only had

300,000 Russian casualties but this expansion of NATO, Finland and Sweden coming in, NATO meetings where you have never seen such unity, enthusiasm and commitment, and a very united EU, which is not what we saw in 2014, to be frank.

Moving on to America, it is frustrating, because there is a majority in Congress to give a lot of money and a lot of weapons to Ukraine. That is a combination of Democrats and Republicans. It is just frustrating that the politics at the moment are locking this together with support for Israel, support for the southern border, and a political dispute, which I will try to stay out of. It can and I think it will be fixed. I am just not sure that it will be fixed in time for Christmas, which is frustrating.

It is true to say that, in domestic US politics, there are people saying, "Is this really our priority? Should we not be doing other things?" As politicians, we have to be frank that we have to fix our domestic political problems, whether it is immigration problems or lack of economic progress problems. If we fix those things, we become not only domestically stronger but more capable internationally, so we should not shy away from that debate.

Fundamentally, will the EU put forward its money? I think it will. I hope the outcome will be good from the European Council. Will the US put forward its money? Yes, I think it will. Will the UK? Yes, we will be doing this next year. Those three things combined will be very material.

Q13 **Baroness Nicholson of Winterbourne:** Given that Russia is rebuilding her economy on a war footing, does the Foreign Secretary feel that we and the EU are taking that seriously enough, particularly with the munitions in the defence space, to allow Ukraine to hold what she has and to properly deter in the Baltic, in that inaction will have a consequence this time?

Lord Cameron of Chipping Norton: That is a very good question. I mentioned in the House the other day that, although we have done brilliant things in supporting Ukraine, it is the one area where we need to do more. What we have done is supplied the Ukrainian armed forces with a lot of Soviet-style and Soviet-era equipment that fits with what they have, and that has been very useful. We have given a lot of very capable equipment that we have, and we should be proud that we were often the first to do it—the first with anti-tank weapons, the first with long-range artillery, the first with tanks, and the first with long-range Storm Shadow missiles.

You are right that there is a danger of running down supplies and not doing enough to fire up the engines of the defence industries. We are looking at a number of steps in relation to what more we can do in that area. It is a cross-government initiative that requires defence and business. We could try to replicate what we do with European allies and partners, and I am very focused on that. There is more that we can do.

Yes, the Russians are doing it. It is interesting that their defence spending is now back to the level that it was just before the Soviet Union collapsed, so there are sometimes costs from doing these things, but we certainly need to do more. Part of that will require multiyear funding, because you need to be able to say to the defence industries, "This is an ongoing commitment. It's worth building these new production lines. It's worth building this new capacity, because it's going to be needed".

It is a good moment to do that, because we can help Ukraine, and, as the Chair said, we are living in a much more dangerous world. It is clear that we need to spend on defence at a high level and make sure that we have stockpiles and equipment that match this more dangerous world, rather than the slightly more benign circumstances that we have faced in the past.

Q14 Baroness Scott of Needham Market: In your response to Lord Liddle, you talked about sanctions as an area where there is no structure for co-operation. I wonder if you could describe for us how the high-level discussions take place with the EU on the formulation of sanctions policy, and where you stand on the question of whether we ought to be in lockstep with the EU on sanctions policy or whether it does not matter or, indeed, whether there are advantages in going our own way.

Lord Cameron of Chipping Norton: There is a Sanctions Coordinators Forum, which is G7 and EU member states. That meets quarterly¹ and keeps us all focused on who we are sanctioning, how we are doing it and the rest. There is a structure, but it is set up for an ad hoc purpose and, as far as I can see, it is working very well.

The way we sanction people is sometimes a bit different. In the EU, for example, transport sanctions matter a lot, because lorries move from mainland Europe into Russia. Given the scale and size of financial services in the City of London, financial sanctions need to be carried out quickly and effectively. From what I have seen, the co-ordination has been very good through this group, including the US, and it is working quite well. Even if it is not absolutely in lockstep, it has been pretty much in lockstep.

Q15 Baroness Scott of Needham Market: Is the effectiveness of the sanctions—I do not mean how effective sanctions are per se, although I know that some colleagues may want to ask about that—hampered at all by the fact that enforcement is a member state competence in Europe? Are there any issues there?

Lord Cameron of Chipping Norton: The effectiveness, as I am told, is that, without sanctions, we estimate that Russia would have had over

¹ The Sanctions Coordinators Forum is a semi-annual event which took place in February and September 2023 where G7, EU and like-minded international partners discussed sanctions on Russia. We also have regular quarterly meetings with the EU on sanctions across all regimes.

\$400 billion more to fund the war. We think that sanctions, if you take them all together, have been effective.

In terms of policing them, one issue is leakages, and we are working very hard to try to spot those. In fact, last week we sanctioned 46 entities in 11 countries², including three in China. That was all about the sale of dual-use goods. Turkey, a NATO member, had some companies that were involved in this. We are certainly on the case of trying to make sure that all the sanctions, whether personal or trade, are as effective as possible.

As for the EU, that is a matter for it. We are outside the EU. We make sure that our sanctions are put in place effectively. We have a new sanctions regime whereby it is FCDO policy, but if it is a financial sanction it is done by the Treasury, if it is a trade sanction it is done by the trade department. That seems to be working well, but it is up to the EU if it wants to make it a community competence or a national competence. I do not have to get involved in those things anymore. What a relief.

Baroness Scott of Needham Market: If it becomes obvious that a particular country is not co-operating in that sense, and you are seeing some leakage, are you saying that you would not have any bilateral discussions with that country?

Lord Cameron of Chipping Norton: Of course we would. By the way, if we thought that companies in an EU country were selling goods to Russia, we would sanction them. It was regrettable doing it to a company based in Turkey, because it is a NATO ally, but we have to do everything we can to stop Russia's war machine getting dual-use goods—end of.

Q16 **Lord Lamont of Lerwick:** The EU High Representative for Foreign Affairs was quoted in yesterday's papers as saying that the EU was considering sanctions or travel restrictions on settlers in the West Bank. Is that something that would come before the co-ordination forum? Is it something we would consider if action was taken by the EU?

Lord Cameron of Chipping Norton: I do not think it would, because the sanctions forum has been more about what is happening in Ukraine, and sanctions on Russia and Belarus. America has taken action on the issue of sanctions against secular violence. We announced yesterday that we are taking action on travel bans on people who have committed these acts of extremism and violence. We try to co-ordinate that.

I have discussed that with other European partners already, and there is another level that we can go to; if you want to add to a travel ban a further sanction, such as asset freezes, that is an option too, but we have taken the travel ban action first. Actually, I might be wrong about that.

² 46 individuals and entities, including 11 third country entities, who were supplying and funding Russia's war machine.

³ The principal focus of the Sanctions Coordinators Forum is on sanctions against Russia and Belarus. However, the UK has close working level engagement with the US and EU on a wide range of thematic and geographic sanctions matters.

The sanctions group can consider sanctions in every circumstance and country³, but on this occasion I spoke to the Americans and could see what they were planning, and we decided to take action. It will be discussed at the sanctions co-ordination group, but we have not waited for it; we have got on and are doing it; it is being put in place by the Home Office.

Q17 **The Chair:** One more question on sanctions. Is it a problem that the Russians are now able to sell their oil at above \$60 a barrel to countries such as India?

Lord Cameron of Chipping Norton: Obviously we want to do everything that we can to make sure that this cap is effective. It has been an effective move and has definitely starved Russia of money, but we need to keep up the pressure of trying to make sure that, whenever they are using shadow fleets or what have you, we go after the shadow fleet, the money and the providers. You can see that they are trying everything, because it is hurting, but we have to be as effective at finding them as they are at finding ways around it.

Q18 **Baroness Blackstone:** As you know, our current inquiry is looking at the effect of the invasion of Ukraine by Russia on UK-EU relations. One of the issues that is emerging as a theme that we probably need to co-operate with the EU on is the whole area of reconstruction. If we are going to be involved in reconstruction, it is also extremely important, is it not, that the whole issue of corruption, which has been a serious one, in Ukraine is tackled. Could you tell the committee a bit about how you perceive our potential work with EU in this area of reconstruction—I know that some has already started, but where is it going to go next—and, more specifically, what do we need to do about corruption?

Lord Cameron of Chipping Norton: On corruption, we work directly with the Ukrainians, as we have for many years, in trying to help them with specific anti-corruption measures. I think their anti-corruption court and their anti-corruption office were based on support and ideas coming from the UK, and they have been effective. Of course, there is a problem and much more needs to be done, but we should remember that they have already introduced legislation such that Members of Parliament and public servants in Ukraine make a lifelong declaration of their assets and income and what have you, so a lot of progress is being made.

On the issue of reconstruction, again, I am afraid I have another set of initials for you. The Multi-agency Donor Coordination Platform is an EU-G7 set-up, which has been a very effective set of arrangements that we sit in to provide financial and other support for Ukraine. We are also working with Ukraine and the EU on a Ukraine plan for reconstruction. So, again, we are plugged in at all the right levels.

One discussion that we had this week in Cabinet was about making sure that the UK partnership with Ukraine is as broad as possible. It should not include just the economic and diplomatic support. The cultural links that are growing between our countries and the fact that so many people,

me included, have hosted Ukrainian families in their home are huge opportunities for us to grow much closer to a major European country, which I have no doubt will one day be an enormous success story. Its per-capita GDP is about a third of that of Poland. I see no reason why, over time, it cannot achieve those levels. Longer term, this is an important relationship for the UK. We are determined to make the most of it, and, in terms of reconstruction, we are very joined up with partners.

Q19 Baroness Blackstone: Do the Europeans need to discuss this issue quite urgently with the US, given that there is now quite a lot of discussion about Ukraine being Europe's problem and not one for the US? That has mainly been about military support and additional armoury, but there is a medium-term issue.

Lord Cameron of Chipping Norton: From what I have seen, first, the Americans are absolutely in the Multi-agency Donor Coordination Platform, and, secondly, Secretary Blinken leads a lot of the G7 work. We recently had a G7 call on how specifically to help Ukraine's energy infrastructure, not least as it is coming into this winter, what we can do to harden the energy and to provide back-up generators. I see the Americans as extremely positive players in this. Secretary Blinken was the person who brought this together and co-ordinated it. Yes, they need to be involved, and yes, they are involved.

Clearly, in the American debate, we need to insert ourselves and say, "You were quite right in the past to say that Europe was not doing enough on its defence". When I announced at the NATO conference in Cardiff that we should all do 2%, there were five of us. By the end of this year, there will be perhaps as many as 21 NATO players at over 2%. We need to insert ourselves into the US debate and say, "Yes, I know that you want us to do more, but, on Ukraine, if you add up military and civilian, Europe—the EU plus the UK—is now doing almost twice as much as America, so we really are pulling our weight".

When they say, "This is your neighbourhood and your problem", yes, it is, and that is why we are leaning in as much as we are, but we also need to make the point to them, as I did in Washington last week, that European security really matters to the US. History tells us that, if you allow people to redraw borders by force, the US is eventually drawn in, it will cost more money and it will be American lives on the line as well as just cash, because, if Putin is not stopped, who knows? The next country that he invades might well be a NATO one. One should not overestimate one's own arguments, but that argument does land in America, and we have to get into that debate, because otherwise the isolationist tendency will run away with things.

I have found the other argument that works is when you say to the Americans, "You've spent, effectively, 10% of your defence budget, but that, combined with the bravery of the Ukrainian armed forces, has destroyed 50% of Russia's pre-war military strength. If someone had come along and offered you that, you probably would've said that sounds like a great deal".

Baroness Blackstone: You have not mentioned the multilateral agencies and their potential role in reconstruction. That includes the European Bank for Reconstruction and Development.

Lord Cameron of Chipping Norton: Yes, and the World Bank. Of course, the IMF also plays a crucial role, and we need to back up the IMF with the guarantees, loans and other economic support that we are giving. All these things need to be marshalled to help Ukraine and to demonstrate that there is this massive, long-term good will and support that will carry on through this period. At the moment, Putin thinks that he can outlast the West. As a simple fact, if you add up the countries on our side, we outmatch Russia's GDP by about 25 to one. We just have to make that economic difference count, and that is the challenge.

Q20 **Lord Liddle:** I know what the answer is going to be to this question, but my feeling is that we are not doing enough. We said that we were going to increase defence spending to 2.5%. There is no sign of any movement on that score in the latest Budget. The Public Accounts Committee said that the money set aside for re-equipping the Army in terms of ammunition, because of what has been sent to Ukraine, is being used by the Ministry of Defence for other purposes. We are cutting the size of the Army. Is this really the right response, given that this is an existential crisis for democracy in Europe?

Lord Cameron of Chipping Norton: The figures vary because economic forecasts vary, but we are above 2%. The key question is whether we are spending the money in the right places and buying the new capabilities. The Government I led did quite a lot on that front in terms of getting into ISTAR and drone technology, re-equipping the Navy, and making our Armed Forces more mobile with new transport planes, the whole new fleet of Chinooks and all the rest of it.

One of the things that we have seen, not just in this conflict but in ones in previous years, is this massive change in technology in terms of drones, often quite inexpensive, which are completely changing the state of the battlefield. Of course, we need to think about how much we spend on defence in a dangerous world, and we are above 2% and potentially rising, but we also need to think about whether we are taking the proper long-term decisions to give us the equipment that we need at the right price, and that is an ongoing discussion.

Q21 **Baroness Anelay of St Johns:** Good afternoon, Foreign Secretary. I would like to follow up on a previous question about the issue of reconstruction of Ukraine. During the period of this inquiry, the committee has heard about proposals for using the sanctioned assets of those who have contributed assistance to Russia as a way of contributing to funding the reconstruction of Ukraine. Could you please outline to us the UK Government's current view of the feasibility of using sanctioned assets, against the background of the announcement just last month by the President of the European Commission that the EU is already working on a proposal to focus on the so-called windfall profits that Russia has made from central bank assets?

Lord Cameron of Chipping Norton: Just dealing with that last point, the money that is in Euroclear is cash that is earning interest, and so it is quite easy to spend that money, whereas the sanctioned assets, which could be yachts or houses, are not necessarily interest-bearing in the same way, so there is a slight difference.

To answer the bigger question of whether it is time not just to freeze the assets and to spend some of the interest but to spend some of the assets, there is a legal route to doing this, first of all. When we look at the issues, there are some very strong answers for why we should consider doing this. Some of the arguments against are whether this has a chilling effect on other investment into the UK. If people are chilled, I would have thought that they would be pretty chilled by the fact that we have frozen them.

In terms of the other set of arguments about the difficulties and the precedents, a lot of those fall into the category of it being time to realise that the world has changed and that we are in a more difficult, dangerous and disputatious world. We are in a world where Russia has launched a European war. We are in a real fight for the sort of security on our continent that we believe in, and extraordinary times require extraordinary measures, so I am instinctively in favour of trying to do this.

Where we have got to is that we are working very hard with the G7 on whether we can find a common approach, which would be great, because, although we have some sanctioned assets, there are far more in other G7 and EU countries, not least the Euroclear figures that you spoke about.

I would not rule out that, if we could not achieve a common G7 approach, the Americans are quite forward-leaning on this, and maybe there is something that we could do with them. I am for pushing hard on this. The world has changed. The arguments against are not as strong as people said, and there is a legal route. If you have those three things, I would be in favour of moving forward.

Baroness Anelay of St Johns: You just stated something that I would not disagree with, which is that extraordinary times mean that you need extraordinary methods. I wonder, therefore, whether I can go from the general to the particular and ask questions further to those that I put to Minister Docherty on Tuesday about the delay of more than 18 months in securing a donation of Mr Roman Abramovich's £2.3 billion proceeds from selling his football club. At this stage, it seems as though the UK Government are dragging their feet. That is not something that I normally associate with your activity, Foreign Secretary, so how are the Government going to ensure that Mr Abramovich is not going to slither away from fulfilling his promises?

Lord Cameron of Chipping Norton: I am very keen that we do not allow that. It was the right move to make and it is good that it has happened. We are very keen that that money is spent on humanitarian

causes in Ukraine, not on other causes linked to Ukraine or anything else. There is an issue with that, which we need to see through. It may take a bit of time, but it is important to get the right result. You are right to pressure us on this, and I am on it.

Baroness Anelay of St Johns: You have repeated the view of the previous Foreign Secretary that sometimes we take time and do not act quickly. It is just that, clearly, as far as Ukraine is concerned, time can run out.

Lord Cameron of Chipping Norton: I agree. I am glad that I have stuck to collective responsibility. I have tried to do that, but there is just this disagreement about how to go forward, and I do not want us to give way unless we can get the right result.

Q22 **Lord Hannay of Chiswick:** If we could switch to Ukraine's candidacy for EU membership now, recognising, which we all do, that the accession of Ukraine is a matter for the EU and its member states alone, do the Government consider that an EU that had Ukraine as a member would be in the strategic interests of the UK? As a separate part to the question, would you favour close co-ordination with both our NATO and EU partners over their respective enlargement processes?

Lord Cameron of Chipping Norton: The way in which I look at this is that we are strong supporters of Ukraine and strong supporters of Ukraine wanting to anchor itself in the Euro-Atlantic alliance. We are not members of the EU, so we do not have a role in that debate, but we note what Ukraine wants, and we want Ukraine to succeed in its aims and goals.

We are a member of NATO and are doing everything that we can to help Ukraine in its ambitions to join NATO. That is not just about how we vote on, "Do you get an invitation or not", but, "Can we help you to configure your armed forces in a way that makes them more interoperable? Can we help you to reform your defence practices and equipment so that it makes it more likely that you can join? Can we find ways of structuring co-ordination with you in different NATO projects, so that you become even more likely to join?" Where we are in an organisation and can help them join, we are absolutely all in and doing what we can.

In terms of Europe, it is a matter for the EU to decide. As I say, we support Ukraine in its ambitions, but I cannot affect the discussion that is happening on that. Our role is to help Ukraine in all the ways that we can to anchor it in that Euro-Atlantic alliance.

Lord Hannay of Chiswick: What you say is very helpful and, of course, the committee recognises very well that you are quite right that we have no say on them joining the EU. While I interpret your response as being pretty positive, my question was whether it would be in Britain's interest that its application to join should succeed.

Lord Cameron of Chipping Norton: Ukraine is fighting this war and we want it to be successful in that. It is growing its economy and we want it

to be successful in that. It has applied to join NATO and the EU in order to anchor itself in the Euro-Atlantic alliance, and we want it to succeed.

I am conscious of the fact, if you are not in charge of saying yes or no to something, you have to work with Ukraine to help it in whatever way you can. Who knows what the Hungarian Prime Minister will or will not do this Thursday? I used to know him quite well, but he has perhaps changed a bit since then. We are not in control of that, but what we can do is help this country, in every way that we can, to succeed. As we are demonstrating, you can have a partnership and make that work.

Q23 Lord Liddle: This is a different focus, on the trade and co-operation agreement and the clause in it that calls for a review of it—or certainly the initial work on one—starting next year. I am interested in what your view of this is. It is a big strategic thing in our relations with the European Union. Would you want it to be extensive or is it likely to be relatively insignificant?

You said that you had kept out of the whole debate about the TCA after you ceased to be Prime Minister, and I understand the reasons for that, but a lot of us who are on the remain side of the argument now feel that we might, with more co-operative politics, have got a better outcome in terms of the TCA than we got. Is there any willingness on the part of the European Union to look at these issues again? What do you think is going to happen?

Lord Cameron of Chipping Norton: We have, effectively, a free trade agreement. It is one of the biggest free trade agreements in the world in terms of there being no tariffs and no quotas, and our aim is to maximise and to make the most of that. As I said right at the beginning, if you take the last year—a year in which we have had a Prime Minister who has built extremely good relations with individual EU countries as well as with the institutions and with Ursula von der Leyen at the Commission—you have seen real results. You have seen agreement over financial services. You have seen Britain getting a good deal on joining the Horizon programme, as we are a research and science superpower. You see it in the Windsor Framework, which I hope will help with the situation in Northern Ireland.

The way in which I would approach it is, “Let us make the most of what we have”. I do not think trying to reopen it and change the nature of it is what we should be doing. There are plenty of things to discuss that are there. Without trying to be evasive, we are now a friend, neighbour and partner. When we have these reviews, obviously we have some things that we would like to fix, but they probably have some things that they want to fix with us, and it does not always help to lay out a huge list of things in advance. I want us to be canny and tough operators to get the best out of this.

Q24 Lord Lamont of Lerwick: Is not the review clause narrowly drawn and restricted to how the TCA has operated? Is it not, in fact, the reality that, as long as you are not in the single market or in the customs union, you cannot really make huge changes to the trading arrangements?

Lord Cameron of Chipping Norton: Article 776 of the trade and co-operation agreement says, “The parties shall jointly review the implementation of this agreement and supplementing agreements and any matters related thereto five years after the entry into force of this agreement and every five years thereafter”. You are correct in what you say, but that still provides quite a lot of maximisation, as it were, and issues arising. I absolutely agree that we have a massive free trade agreement. That is what we have and what we are going to make the most of, and there will be plenty of things to discuss under that, but we are not suddenly going to reopen free movement or go back into the customs union or any of those things. That is absolutely not what this is about.

Q25 **Lord Hannay of Chiswick:** Looking at the downside of this, I am sure that you are aware—perhaps you can confirm this—that there are risks in the Government’s policy on Rwanda, the Bill that is before the House of Commons at the moment, which will come to us in due course. If it were to lead to some impediment to the European Convention on Human Rights, it would put at risk the TCA because of the terms that are written into it. Are you conscious of that and are you aware that there is a downside in this, which could come into play if the form of the legislation takes a particular shape?

Lord Cameron of Chipping Norton: Yes. I started off by reading the judgment of the Supreme Court. When you read it, it is not really about the ECHR; it is about the dangers of refoulement of refugees from Rwanda back to the countries that they have come from. What the Government have, which I fully support, is a Bill that is extremely tough but within our international obligations, but, crucially, a treaty with Rwanda, which most people thought would not be possible but which was achieved by my predecessor as Foreign Secretary, now Home Secretary, in super-quick time. It is a very rock-solid treaty that covers this issue of refoulement.

They then have an evidence pack of what things are really like in Rwanda for people who live there. People often forget that Rwanda hosts schools that relocated from Afghanistan and Sudan to Rwanda. It sometimes gets this pasting in parts of the press, which it does not deserve.

I am confident that we have the right approach and that we can get this policy to work. It is crucial that we do, because, going back a bit in the conversation, it is highly visible that illegal migration is upending the politics and people’s faith in politics, politicians and systems, not just in Britain but all over the world. When you are in America, every other news item is about the problems on the southern border and the 6 million people who have crossed that border over the last five or six years. Every European conversation that you have, compared with when I was Prime Minister seven years ago, is about, “What are we going to do about the problems of illegal migration?”

Of course, there are enormous downstream answers that my department, the FCDO, has a lot to do with. How do we help stabilise fragile states?

How do we invest in economies that create jobs for people, so that they do not want to travel? There is lots of good stuff to be done there, but you have to have a method of dealing with illegal migration, which is what the Rwanda Bill is all about.

Lord Hannay of Chiswick: My question relates to the mechanisms that we use to implement that and the risk that they will bring us into conflict with our obligations. I merely ask and I do not want to press this further.

Lord Cameron of Chipping Norton: It does not raise that risk.

Q26 **Baroness Blackstone:** Are the very high costs of this scheme per applicant to remain in the UK who is sent instead to Rwanda justified?

Lord Cameron of Chipping Norton: We have to answer this question. The best thing would be if we could pick up someone who arrives on a beach in Kent and take them straight back to France, but we cannot do that.

I remember, when we were dealing with the migration crisis and people were crossing from Turkey to Greece; it went on and on, and the numbers grew and grew. Then we had that deal, which was highly criticised at the time but which gave Turkey quite a lot of money. It was looking after a lot of refugees from Syria, but, crucially, every person who arrived on a boat in Greece or on a Greek island from Turkey went straight back again.

From memory, the deal at that stage was that, every time that happened, the EU would take someone else from Turkey. What happened is that the trade collapsed. The numbers went absolutely through the floor. Under the people smuggling model, people are paying a people smuggler to take them from A to B. As soon as you go from B straight back to A, there is no point paying the people smuggler. While I accept that it is expensive, it answers the question. If you cannot provide the answer of, "You are going straight back to France", which we cannot do—the French will not have it and the EU will not allow it—this is an answer to the question, and that is why I support it.

Q27 **Baroness Nicholson of Winterbourne:** Might the Foreign Secretary wish to update this committee on the question of youth mobility? I know that there are various agreements with individual member states. Might there be a possibility of accepting what this committee earlier proposed of a full EU agreement on youth mobility? I say this because the agony that is being caused for the creative industries and for musicians in having only individual agreements has been very difficult indeed. Of course, it is much easier and cheaper for everyone if we can have some collective agreement on youth mobility.

Lord Cameron of Chipping Norton: As you know, because you have been looking at this, we have been having bilateral discussions about this issue, including with the French, about mobility, for instance, for school visits. Going to your point about musicians, there are three Member States (Portugal, Malta and Cyprus) which do not offer any visa or work

permit free routes and I am sure that we will deal with the remaining three—so we have gone a long way to dealing with that problem.

In terms of schools, I would prefer us to keep going with these bilateral discussions. The problem with going further is that we will get straight into, “Why do we not have a youth mobility scheme that gives complete mobility for everyone up to the age of X”, and you are straight back into free movement of people. I just do not think that that is the right way to go. Let us try to deal with this problem of school trips and school visits, and build it from there rather than trying to do it another way.

Q28 The Chair: Continuing for just a moment on touring artists, which is an issue that has come up a lot at the Parliamentary Partnership Assembly, with strong support there, the fact that they are still facing multiple bilateral regimes makes it very difficult, particularly for young and emerging talents who do not have the back office support in order to meet all these different requirements around Europe. Would you be prepared to consider the idea of some sort of EU-wide visa waiver agreement, for EU artists coming to the UK as well, since that would be the way to deal with it and free up a sector that is very important to many people but is very blocked at the moment?

Lord Cameron of Chipping Norton: When this first raised its head, I remember being lobbied by a number of people and it really was a huge problem. We have taken quite a lot of steps to deal with it, but I am happy to look further at whether there is more that can be done. Olaf, you might want to come in on this.

Olaf Henricson-Bell: As the Foreign Secretary says, we are open to different options to address that. The visa issue is one that we have been around with the EU before in the context of the TCA negotiations, and I know that your committee has looked into that before. Some of the parameters that limit that on the EU side remain in place.

There are also other issues that you allude to, Chair, around cabotage, where some of the debate is tied to and locked to an internal EU debate around the way that cabotage works. It is unlikely that the EU would want to offer a more generous cabotage arrangement to a third country than it would internally. Does that mean that we would not like to keep going further? No, we absolutely would like to. Indeed, we hosted the trade partnership committee under the TCA last week in London, and this was one of the issues that we raised.

The Chair: The cabotage issue means that you cannot put your musical instruments in one lorry and take it to three EU countries without an enormous pile of red tape. Thank you. I appreciate that very much.

Q29 Lord Hannay of Chiswick: On schools, it was extremely welcome that the Anglo-French agreement has now come into force, as was announced by the Home Office this week, but if I understood it from what the Minister said in our House at the time that this was first discussed, we are open to doing the same thing with the other member states. Are we

proactively telling the other member states that this deal, which involves accepting ID cards for school visit purposes, is on offer to all of them? That is what we were told.

Lord Cameron of Chipping Norton: We are very interested in talking to other member states about it and getting it done that way. I do not want to give too effusive an answer, otherwise it will suddenly turn into an EU competence and we will be back into that whole thing; that is not from our point of view but from theirs. We have lots of agreements with countries around the world about different forms of mobility for coming to work or coming to study and all the rest of it. That is very much our approach and we shall continue to do that.

Lord Hannay of Chiswick: Yes, but if you look at the figures, they are pretty horrifying in terms of school visits before we left the European Union and now. I do not know if you have had a chance to look at them, but, if you do have a chance, they are terrible.

Lord Cameron of Chipping Norton: I am happy to go and have a look, but, as I say, we want to solve this on a bilateral basis.

Q30 **Lord Liddle:** You have already spoken warmly about the need for co-operation on cross-channel grids and having electricity pricing arrangements and all that which enable us to take full advantage of the opportunities here. When he was Vice-President, Frans Timmermans, in his climate change policy, put forward the proposal for CBAMs, which are tariffs that represent the carbon content of the import. I think it is the case that Jeremy Hunt said that, in principle, we think this is quite a good idea as well, so there is a potential there.

Do the Government believe that they should be striking an agreement with the EU on CBAMs? How do we overcome the problem that, for some reason that I do not understand, we have allowed our trading system to diverge from the EU such that there is a bit of a problem in making it possible without getting into familiar arguments about whether we are unfairly getting some advantage? Is this an area where we might be able to make progress?

Lord Cameron of Chipping Norton: It is difficult to answer this one right now, because there is a government consultation going on about how we respond to the issue of CBAMs and, indeed, the differential carbon pricing between us and the EU. This is being examined at the moment. You summarised it very well. I cannot really get ahead of it, but I am looking at it carefully.

Lord Liddle: You have nothing more to say.

Lord Cameron of Chipping Norton: I am afraid not.

Q31 **Baroness Ludford:** This topic is last but, I hope, not least. Data protection is not a departmental responsibility for you, but, rather like the way that Lord Hannay flagged the ECHR earlier, the question of the protection of rights and freedoms is a theme that underpins a lot of the co-operation under the TCA.

In a report a few weeks ago from the European Parliament, one of the major preoccupations of the Committee on Civil Liberties, Justice and Home Affairs, which I long sat on, was about data protection and the current Data Protection and Digital Information (No. 2) Bill. It expressed deep concern about this Bill, believing that, "it is of the utmost importance that the UK ensures that the level of protection is essentially equivalent to that afforded by the European Union", and it was very worried about the "serious risk of the onward transfer of personal data to non-EU countries that do not provide for an adequate level of protection". We have the data adequacy decision from the Commission, which enables not only hugely important business data flows—so it is not just an arcane civil liberties question but an important commercial issue—but also the exchange of data in law enforcement, such as under the Prüm agreement. There is a big cloud looming.

Just thinking about the processes that will happen next year after the European elections, the European Parliament has to approve the new commissioners. Having been there and done that, I can foresee the hearings for the justice and home affairs commissioners, when former colleagues of mine will be pinning the Commission down on this question of the adequacy of UK data protection for ensuring the continuation of the data adequacy decisions, which will be running out and can be cancelled anyway. I just wondered if this is on your radar in a very important way.

Lord Cameron of Chipping Norton: It is on my radar. You have described it very well, but I would add that it is important that we have the data adequacy recognition from the EU. It is also important that we recognise that, having left the EU, there is some flexibility. My general shtick here is that, where there is some flexibility, which we can work to our national advantage—whether it is in the way that we regulate insurance, the way that we regulate banking, the way that we decide we are going to license new drugs or run clinical trials, or any number of things where we want the best outcome for our country and to build our businesses and help our entrepreneurs grow our industries and grow jobs—and where there is a margin to do things that suit us and work for us, we should take that.

On data, that is what the Bill before both Houses of Parliament is all about. The GDPR is important, but, every time we switch on our telephones, there is quite a lot of extra complicated bureaucracy, not all of which is necessary, and so, if there is an opportunity to make some adjustments that work for us, we should take them.

I do not think that that should threaten our data adequacy in any way, because, of course, there are lots of other countries that have data adequacy nominations from the EU, as it were, and have very different data rules to us. The argument that I would make, if I was in those meetings with the Commissioner, would be to say, "Yes, of course, look at the UK's new arrangements, but do remember that you should also be thinking about New Zealand, Japan and Canada", which all have data adequacy from the EU but have quite different and divergent ways of dealing with it.

Let us not diverge for the sake of it, but, if there are things that we can do that lessen bureaucracy, that help business and that help our entrepreneurs, let us do those things and make sure that we have the very best arguments to say, "Yes, we have made some changes, but we are still, if anything, closer to you than Japan, New Zealand or all these other countries that you say are data adequate".

Baroness Ludford: You are perfectly right, Foreign Secretary, that it is not the form but the substance, and that the issue is whether there is equivalence of standards. It does not mean to say that every "i" has to be dotted and every "t" crossed in exactly the same way, but the fear is that this is watering down the quality of protection in this Bill. Are the Government absolutely sure that this Bill, if it goes through in the form in which it has been put to Parliament, will not be watered down such that there is a risk of losing the equivalence decision? Do the Government believe that is a risk worth taking?

Lord Cameron of Chipping Norton: First, we want high standards in terms of data protection and data management. That is absolutely right, but we always need to look at the substance rather than the form. That is the key here.

Secondly, to answer your question very directly, we absolutely think that the Bill is consistent with being judged data adequate by the EU. It is important that that is properly debated in both Houses, but we are very confident. The thing to bear in mind is this point about other countries that have different ways of doing it but are still judged data adequate. We are a third country, so we should be treated by the EU like them, not like anything else.

Q32 **Baroness Nicholson of Winterbourne:** As a side comment, given that AI is not yet regulatable, is it possible that we, as a highly innovative nation, might get right out in front by doing extra research on this? It is simply not controllable at the moment, and probably never will be, and therefore we have to think differently.

Lord Cameron of Chipping Norton: I have sympathy with that view. In preparing for this meeting, I was looking into this issue. I also noted what you said, Chair, about how the EU has gone ahead and legislated on AI. We are still trying to understand exactly what the risks are. Sometimes, if you rush into regulation, you might not get it right. All credit to the Prime Minister for the Bletchley Park conference and for the work that is being done. Let us try to end up with the right regulation.

It may well be that the EU regulation is a good piece of law, but I would be looking at things such as whether, in terms of AI for facial recognition, there is the right carve-out for national security to help keep us safe from terrorism and all the rest of it. I do not know—I would just ask the question. Is the way that they are going to regulate really risk-based or is it stopping particular technologies in every area? I do not know, but I would be asking that question.

Again, it comes back to this thing about being big enough to matter but small enough to be nimble. I totally cribbed this off the head of Spotify when he came to speak the other day on exactly this sort of topic. He is worried about the way in which he is being regulated as against Apple and Digital Gateways. Someone asked him whether what the UK says about this really matters, and he said, "It absolutely does. You are big enough to matter but small enough to be nimble, and what your regulators decide and the laws that you pass can have a real impact", as they have with some of the competition policy arguments about Microsoft and what have you.

That is the right way to think about it. I am sure that we will have to legislate on AI, but let us do the research, do the work, get it right, and maybe learn from what the Europeans have got right and what they have got wrong, but I would not be 100% confident that they have got it right when they have legislated so quickly.

Baroness Nicholson of Winterbourne: The difficulty with AI at the moment, which nobody quite knows how to control, is that, when you put something in, they do not know where it is going to come out. You cannot regulate if you cannot track something. All I am suggesting is that we are a very innovative nation. We should put more research into this. We might come out at the right end in advance of everybody else, which would be really good.

Lord Cameron of Chipping Norton: The great thing about the Bletchley conference is that it is not just us researching it. We are leading a global movement to do that and can, I hope, make the most of that.

Q33 **Lord Hannay of Chiswick:** Has it not emerged from this very useful exchange on data protection, to which you have contributed a lot, that we do need a continuous dialogue about this with the people who are doing the regulation in the European Union, so that we do not inadvertently trip up over each other or do something that leads to friction? Are we using those channels of dialogue in as full a way as we possibly could?

Lord Cameron of Chipping Norton: Of course, the AI summit was a classic example where the EU was—

Lord Hannay of Chiswick: Sorry, I was talking about data protection.

Lord Cameron of Chipping Norton: We need to think very carefully about how we are trying to take some burdens off while having high standards and being effective. We need to look at what the EU rules are. We need to know what other countries that are judged data adequate are doing. There is nothing to stop us having that dialogue anytime we want to. You can always pick up the phone and talk to people in the Commission or elsewhere to have that conversation. Again, going right back to the beginning, it does not need to have this enormous structure around it. It is a conversation that we can have.

Lord Hannay of Chiswick: That is why I used the word "dialogue",

because the autonomy of the two parties remains intact. The question is just whether the dialogue is taking place.

Lord Cameron of Chipping Norton: I am not fully up to speed with all the different committees that we have under the TCA, but I am sure that it is covered.

Olaf Henricson-Bell: The TCA has the data adequacy framework attached to it. In that context, there is a regular dialogue, but it speaks to the point that the Foreign Secretary made right at the start that, as well as that regularity of contact, if you will, there are also very informal and regular links. Yesterday, the relevant director-general from what is now DSIT was in Brussels talking about both AI and this issue, so that dialogue is happening.

Q34 **The Chair:** We have taken an awful lot of your time and I promised to release you by 4.45 pm. Can I just put one last question? Thinking back to the very important discussion that you had with Baroness Nicholson about the challenge of our generation in gearing up on Ukraine and getting the defence industries working really well together across our countries on munitions, ammunition and other equipment, I am worried that, when you look at the EU side, there is an ecosystem where you have the European Defence Agency, the European Defence Fund and the PESCO projects process, all of which are set up in a way that is quite difficult for third countries to get involved in.

Although this may be going on there, going on here and going on with the Americans, it is hard for us to get inside, as it were, this EU system of defence industrial co-operation. I just wonder whether, therefore, it is worth another look at, for example, becoming an associate of the European Defence Agency, as the Americans have done, as well as the Norwegians and the Canadians, as a way into that developing structure, rather than being, essentially, outside it.

Lord Cameron of Chipping Norton: I have not had a huge amount of time in my first month to go into this in detail, but my memory of the European Defence Agency was that we were not particularly keen on it when we were in the EU, and so I am not fully inclined to fall in love with it after we have left.

Lord Hannay of Chiswick: We stopped it doing anything.

Lord Cameron of Chipping Norton: We did not think that it was always a good use of money. It was not very efficient or effective. Now, as a third country, if you work with it, there are all sorts of, as I understand it, IP and other restrictions that you would be disadvantaged by.

The Chair: That does not seem to stop the Americans wanting to participate though, which is the interesting thing.

Lord Cameron of Chipping Norton: I am not sure that, if you asked them whether it is the best bit of their defence co-operation, they would argue that it is. My way of looking at it is that NATO repeatedly tells its

members that we need to not just do 2% but look at interoperability, mobility and how we work together. That is the best forum, in my view, for working out how to effectively defend our interests and our continent. There, Britain has been an absolute leader with the joint task force that we lead and with the work that we are doing, including right now in Estonia and elsewhere. I was always pretty sceptical of a lot of those European defence networks then, and we want a NATO-first policy even more now.

Baroness Ludford: It just occurs to me that, when the UK was inside the EU, we perhaps had the privilege of stopping things that, when we are outside, we do not have, because we are more dependent on what is happening inside the EU. We cannot do anything about how the EDA works. It is curious that the Americans and the Norwegians think that it is useful to have an administrative arrangement, but the UK thinks that it does not need to bother, because we did not think a lot of the agency when we were inside.

Lord Cameron of Chipping Norton: Let me back out and try to answer the bigger question. When you are in, you pay for all these things. You pay for the European University Institute. You pay for your share of the Erasmus programme. You pay for everything, and you balance off the things that you think are not very good with the things that you think are good. When you are out, one of the advantages is that you do not have to pay for the things that you do not think much of. I do not want to single out the European University Institute, but we never thought that that was very good value for money, so we are not going to pay for it now.

You are right, of course, that, when you are in the EU, you can sometimes stop things that the EU is doing and, when you are out, you cannot, but, without trying to run down the clock, I would remind you that, in 2011, when we were in and they produced a fiscal compact to support the single currency, I said that we needed a lot of safeguards because, suddenly, eurozone countries were going to get together and talk about how to regulate financial services. They said, "You cannot have that" and I said, "Fine. I am vetoing the treaty". You would think that you can veto a treaty. You can stop things like treaties.

It turned out that that was not the case at all. They produced this wonderfully named lawyer, Mr Hubert Legal, I remember very well, who came out at about two in the morning. He produced this book of EU rules and blew the dust off it, and said, "Although there has been a veto, we are going to go ahead and do this treaty anyway".

Baroness Ludford: That is very creative.

Lord Cameron of Chipping Norton: They are very creative people, so do not believe that you can always stop things when you are in. That is just the final coda that I would add to that. That proved that you could not.

The Chair: Foreign Secretary, that is a very good place to bring this to an end. Thank you so much for your time and for going over such a wide set of ground so soon after taking on the appointment. We are very grateful indeed.