

# Joint Committee on the National Security Strategy

## Oral evidence: The UK's economy security

Monday 25 March 2024

4.35 pm

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Members present: Dame Margaret Beckett MP (The Chair); Liam Byrne MP; Lord Browne of Ladyton; Lord Butler of Brockwell; Sarah Champion MP; Lord Dannatt; Baroness Fall; Lord Robathan; Lord Snape; Viscount Stansgate; Baroness Tyler of Enfield.

Evidence Session No. 3

Heard in Public

Questions 35 - 60

### Witnesses

**I:** Dr Minako Morita-Jaeger, Senior Research Fellow, University of Sussex; Dr Zeno Leoni, Lecturer in Defence Studies, King's College London.

**II:** Dr Emily Jones, Director of the Global Economic Governance Programme at Blavatnik School of Government, University of Oxford; Dr Tobias Gehrke, Senior Policy Fellow at European Council on Foreign Affairs.

### Examination of witnesses

Dr Minako Morita-Jaeger and Dr Zeno Leoni.

Q35 **The Chair:** This is the third evidence session for our inquiry looking at the UK's economic security. I am very grateful to the witnesses for their attendance today. Today we are looking at the risks and opportunities of international co-operation for our economic security and the practices of economic security in other countries. I will ask you to introduce yourselves.

**Dr Minako Morita-Jaeger:** I am a senior research fellow in international trade at the University of Sussex. I am an international trade policy expert. I am not expert in national security or economic security, but I am looking at economic security issues mainly from the trade policy perspective and at Japan's economic security. I will try to respond to your question as much as possible today.

**Dr Zeno Leoni:** I am a lecturer in defence studies at the Defence Studies Department of King's College London. My research often focuses on US-China relations and world order, the crisis of the liberal order, particularly.

**The Chair:** What do you see as the central components to economic security in the United States and separately in Japan?

**Dr Zeno Leoni:** I will go ahead with regard to the United States. There has been a lot happening in recent years since the Biden Administration was sworn in. The United States does not have a formal economic security strategy, but the Biden Administration have developed a very rich set of policies that ultimately are preparing the United States for the current era of strategic competition, not only but especially with China.

There has been a qualitative—quantitative, certainly, but also qualitative—upgrade when it comes to the toolbox of economic security with the Biden Administration. It has become a more sophisticated toolbox compared to the one of the Trump Administration. This toolbox is informed by three principles, I would say. One is the strategic competition with China. The second is tackling the economic crisis, the domestic economic crisis in the aftermath of Covid. The third principle driving this toolbox is the fact that the US over the years has become less able to push its agenda forward in the multilateral institutions, such as the World Trade Organization, where the emerging economies have effectively led to a multipolarisation of the organisation and so have eroded the US power. There is a domestic side to this toolbox and an external side of the toolbox. Perhaps I can pause here and articulate further later on if you wish.

**Dr Minako Morita-Jaeger:** As for Japan's economic security, I would like to explain the norms, the rationale and the strategy relating to these issues. First of all, my overview is that Japan is shifting more from neoliberalism towards neorealism. Japan is taking the dual approach to try to ensure it retains liberal order in the existing international trade framework.

On the other hand, it introduces the norm of new capitalism, which allows the Government to intervene in economic activities. This is a strong phenomenon, especially after the Trump Administration. That has given the incentive. The rationale is, of course, almost all about China. China is world dominant in political, economic and military powers in the Pacific region. There is the China-Taiwan dispute, the China-US conflict over technological hegemony, the decoupling from China of the US initiative in this area, the supply chain disruption by China during Covid-19, and then the Russian war in Ukraine. The US IRA incentivises the Japanese Government to allocate budget for economic security.

There are not only external factors but domestic factors. Japan has leveraged its technological capabilities to overcome resource constraints over decades. However, its declining economic power is a big domestic

concern. This is the moment to create strategic economic security policy and to enhance domestic economy to survive in the global competition.

Prime Minister Kishida, who took office in October 2021, said that economic security was one of the major pillars in his political agenda, with three core strategies for Japan's economic security. One is to strategically improve autonomy. This is very similar to the EU. The second is to strategically enhance Japan's competitiveness in key tech sectors. The third is very unique, or in a sense very important: enhance its strategic necessity. What is the strategic necessity? This is strengthening its trade partners' dependence on Japan by using its strategic competitiveness in the key technologies, more about the future.

Unilaterally, Japan promoted the Economic Security Promotion Act in May 2022 and the new national security strategy in December 2022, and economic security became a part of the very important pillar of the national security. There is also a foreign exchange law that is administering the investment-related measures. That coincided with the implementation of the Economic Security Promotion Act.

There are four pillars of the Economic Security Promotion Act. One is establishing a resilient supply chain. The second is ensuring the stable provision of core infrastructure services. The third is promoting public/private sector co-operation in advanced and emerging technologies, such as R&D, and the fourth is the non-disclosure of patent applications for sensitive technologies. I will be happy to explain in detail later, maybe in the following questions.

**Q36 The Chair:** Thank you. Dr Leoni, on a slightly different point, how do you think the elections in prospect in the United States might impact co-operation on economic security between the US and us?

**Dr Zeno Leoni:** I will answer the question by going back to where I left off a few minutes ago. There is a domestic side to economic security and an external side. Overall, in general, there seems to be very strong continuity between the Biden Administration and the Trump Administration. In fact, the Biden Administration, referring to that rich set of tools that I mentioned—the CHIPS and Science Act, the Innovation and Competition Act, the restrictions that were issued in October 2022, and the Inflation Reduction Act—have shown a very protectionist and interventionist attitude.

Broadly speaking, I predict quite a lot of continuity should we have a second Trump Administration. However, if we want to be a bit more nuanced on this we can look at the difference between the Obama Administration and the Trump Administration. We can compare the Trans-Pacific Partnership of the Obama Administration to the trade tariffs of the Trump Administration. These were, in the long term, two tools that had the same strategic objective, which was to convince China, force China, to implement certain economic reforms domestically.

The Trans-Pacific Partnership, perhaps reflecting who Obama was, had a very multilateral character and, similarly, the trade war was a very bilateral tool reflecting the ideology of President Trump. The takeaway point from this is that, although I believe that substantially the approach to economic security will not change, perhaps from a British perspective we might consider that different tools might be used by the Trump Administration. None the less, I find that the exclusive minilateral initiatives—I can explain later what I mean by this—of the Biden Administration, such as the inclusion of the UK and Australia in the US Defense Production Act, ultimately are in the interest of the United States. I do not see why a Trump Administration would walk back on those. Perhaps we can continue later on this.

**The Chair:** Thank you. That is very helpful.

Q37 **Liam Byrne:** Dr Leoni, I will just ask about co-ordination of defences for economic security. Last year, the G7 Hiroshima communiqué promised all sorts of virtuous co-ordination between like-minded countries in defending our economic security. Do you think any progress has been made in the wake of that agreement?

**Dr Zeno Leoni:** We have seen different initiatives, and I can cite some of those. There is the US-Japan-Netherlands trilateral pact on aligning export restrictions in the sector of semiconductors. We have also seen a trilateral pact between the United States, Japan and South Korea. I mentioned a minute ago the fact that the UK and Australia were included as domestic sources in the US Defense Production Act, which means that the US will expect these two countries to provide critical goods in a time of war or crisis.

There has been progress. Perhaps my critique is that it seems that this progress is going in a very exclusive direction. The instrument of minilaterals, and certainly the instrument of minilaterals in the way the Biden Administration are using this, is very exclusive. We have seen this with AUKUS, for example, a partnership with expensive technology made only by countries from the Anglosphere—very sensitive technology, secretive, difficult for other countries to join in. My critique is that these developments, since the G7 in Japan, seem to follow that direction, to be very small groups. This is a problem, because if they are meant to compete with China it is not enough.

In fact, the Biden Administration national security strategy acknowledges that competing with China cannot be done by only one country, not even the United States. I think that this effort will have to be broadened. It is not just about signing trilateral pacts.

Q38 **Liam Byrne:** In the evidence that has been submitted to the committee, six or seven key dimensions of economic security come through. One is about having a very clear definition of economic security. A big defence and co-ordinated action is needed around shutting down economic crime, investment security/export security, defence of sea lanes, and defence of supply chains, whether that is critical minerals, energy or

semiconductors, and critical national infrastructure. Do you think there is, in reality, more scope to co-ordinate economic security across all those dimensions? Are some dimensions more important than others?

**Dr Zeno Leoni:** There has been a lot of attention on semiconductors in recent years, because in the West we tend to look at the US and it seems that the priority is semiconductors. The 100-day review launched at the start of the Biden Administration identified different critical sectors. One was pharmaceuticals. The US has the problem that it is very dependent on China when it comes to certain pharmaceuticals. It is not just a US problem; it is a western problem more broadly. This is, perhaps, where I would have expected more to happen in the new trilateral and minilateral pacts. It is possible that we will get to that point, but I find it quite a sensitive issue to be dependent on pharmaceuticals from any countries, regardless of whether you are competing with China or with any other country.

**Liam Byrne:** Dr Morita-Jaegar, do you argue that there are particular areas where economic security co-ordination needs to move faster?

**Dr Minako Morita-Jaeger:** Thank you so much for the question. As a first step, for transparency purposes, I agree that the core area of economic security among G7 members is useful in that sense. I think that the Hiroshima initiative was the starting point. What is happening more is a soft initiative of the bilateral or plurilateral framework as a quad, like the Australia, Japan, US and India quad. Many of the frameworks are existing but this is really a transparency exercise.

When it comes to more expansion of the scope of quick action or whatever, as a trade expert I am very concerned about the securitisation of everything, which is not good for the free market. That creates more volatility, and inefficiency in the long term. When it comes to co-operation within like-minded countries and beyond, the world is now segmented: one group is the like-minded countries, the other is autocratic countries like China and Russia, and there is also the global south.

What is happening now is that the US, the EU, Japan and other G7 countries are gearing up to improve this economic security diplomacy between the like-minded countries. How to extend that to the other countries is a real challenge, especially with regard to the de-risking supply chain initiative. In the end, the reality, when we look at the global supply chains, is that we are talking not only about China but, for example, about a Japanese company investing the same amount in China and in the US or maybe having China as the number one trade and investment partner.

China invested a lot in the ASEAN countries. All these value chains come from China to the ASEAN countries and ASEAN countries to Japan. This is linked with all global chains. It is very complicated. It is very difficult to see that they are even expanding the scope, as it is difficult to trace all these global value chains. That is a real problem.

Q39 **Baroness Tyler of Enfield:** I would like to pursue for a moment this issue of multilateral co-ordination that we have just been talking about. I am interested in your opinion on the way and the extent to which the US, Japan and China attempt to use multilateral co-ordination to further their own economic security aims. Specifically, I am interested to know whether international co-ordination in the US is seen as central to its approach to economic security or as a secondary objective.

**Dr Zeno Leoni:** In the US it is seen as central. If you look at the news or even academic publications, there is very little talk of a Biden doctrine. It seems that the President is not leaving a particular legacy compared to Trump, Obama or George W Bush, for example, in that regard. I would argue that the emphasis on alliances will be the legacy of this Administration. There is an emphasis on engaging allies.

Since the war in Ukraine, there has been even more emphasis or, if you want to look at it from another perspective, the US has managed to leverage its partnership even more. I am publishing an article with my co-author Sarah Tzinieris in the journal *Survival* edited by the think tank IISS next month, which talks about the return of bloc politics. We are not going back to the blocs that we know from the Cold War era, but we can see on the western transatlantic side on the one hand and on the Eurasian side a greater emphasis on co-ordination with limits on both sides. I think we are seeing a return of geopolitical blocs within the limits of a world order that is very globalised compared to 30 years ago.

**The Chair:** Co-ordination within the blocs or between the blocs?

**Dr Zeno Leoni:** Within the blocs. My impression is that the West, thanks to the leadership of the United States, is in a deep economic crisis compared to a rise in Asia, but it has the advantage of having a recognised political leadership, which is the one of the United States, which is leading on some of the efforts that I have mentioned.

The difficulty of a tentative eastern bloc is, first, that its tentative leader does not do alliances formally. This is China. There also does not seem to be a recognised leader yet, whether this is India, China or Indonesia. There is no leader. This gives the West an edge when it comes to co-ordination within the blocs. Everyone is asking me now, when reading this thesis, "What if Donald Trump is elected?" We could talk a lot about it for the next few months. A few months ago the US Congress approved a Bill that confirms that if the President decided to leave NATO, for example, this will have to be voted with a strong majority in Congress, in the Senate. This bloc is quite cohesive, despite some obvious challenges that are out there.

**Dr Minako Morita-Jaeger:** I would like to explain this greater co-ordination from the economic policy perspective. The issue here is that now that neoliberalism is over, we are living in the era of neorealism. How do we mitigate the spillover effect? A negative effect on economic security activities is very important at multilateral level. The US introduced the IRA, but it is not only the US's problem. All other

countries' companies are affected. For example, Japanese companies think that geopolitics is the number one factor of international business these days. The US action is very much affecting their international business strategies. Defence experts look at this issue as a state, as an actor, but with the economic perspective we look also at the actors' market, its business, its companies. The companies do not act based on the national interest. That is the problem.

How does multilateral co-ordination address these issues? One option currently would be all international co-ordination taking place beside a trade policy forum. How you make use of the existing trade policy forum, especially the World Trade Organization, is one potential area that we have to discuss. Of course, the WTO is very much weakened, and everybody is always talking about how to save the WTO, but those are the areas where we can bring the issue whether to collaborate or to improve transparency at the WTO. I can explain more, but I can also come back later.

**Q40 Baroness Tyler of Enfield:** What do you think the opportunities and the risks offered by the multilateral co-operation you have been talking about are for ensuring the UK's economic security?

**Dr Zeno Leoni:** I gave some oral evidence to the Business and Trade Committee with regard to the UK joining the US Defense Production Act as a domestic source. I expressed some concerns, because the Act is saying that there is an expectation from the US that at a time of crisis the UK and Australia will have to provide critical technology in the case of the UK and critical minerals in the case of Australia. Generally speaking, we could apply this to other pacts. The concern is that the UK is picking one side and that will be binding. That comes with pros and cons.

Perhaps a positive note at this stage is that in the other camp, if you want, China is only the fifth trade partner of the country. To be fair, the amount of investments and trade is not negligible, but it is not the same as we have with the EU or the US, for example. It would not be the end of the world, from an economic point of view, if we were to pursue this politics—this sphere of influence, as I like to call it—and limit our opportunities in that regard. At this stage, we will not be losing too much from an economic point of view.

On the other hand, in general, my wish is that in the future the UK will have its own narrative when it comes to dealing with China. I want to explain very clearly in a more tangible way what I mean. When the Huawei deal was rejected by the Johnson Government, the company was told that this would have caused issues in terms of US sanctions but also that the Trump Administration was unhappy with that. I think that was an opportunity for the UK to say simply that the telecommunication network is not up for sale, that it is a strategic infrastructure of the country, and that it should be handled by actors from within the country, regardless of whether Huawei or any other company is coming in.

That is just an example to say that we need our own narrative. Having our own narrative increases our security, because it avoids a return to bipolarity. The same should be done in the Indo-Pacific with regard to maritime operations. Perhaps we can also join other efforts, not only US efforts. There are many European countries with limited capacity to go to the Indo-Pacific, but they are talking about it. Perhaps we need to broaden the scope of our options as well to avoid a return to bipolarity, which is ultimately more confrontational than any other setting.

Q41 **Sarah Champion:** Could you both speak a little on the effect that economic levers are having on domestic industry in the US, China and Japan? I am thinking particularly about export controls. Dr Leoni, you are nodding.

**Dr Zeno Leoni:** My understanding is that it will take some time to have a comprehensive assessment, probably the end of the decade if we are talking about the effect of the Inflation Reduction Act, because this is also related to companies applying for grants and projects. It is perhaps a bit early to say.

On export restrictions and other types of sanctions, there are some concerns related to the ability of an economy or the US economy to innovate. When companies might be concerned about hiring certain people or engaging with certain actors, that limits the possibility of innovating. On the Inflation Reduction Act—these are just data that are available—it seems that so far about 90 new manufacturing plants in the US have been born as a result of that. Clearly, this Keynesian or interventionist approach to the political economy is—

**Sarah Champion:** Do you see those new factories as a sign of the effectiveness of the policies? How do you measure whether the policies are being effective?

**Dr Zeno Leoni:** I see this as employment opportunities, but also that these are new manufacturing plants that are contributing to the net zero agenda, and that is why they are important. So far, that is a measure of success, and it is not just about the net zero agenda. It is also about making the US economy more resilient in the long term, with electric cars and batteries, which is a technology for which we are still very dependent on China. That is a measure of success, but it might be too early to say.

**Sarah Champion:** Dr Minako, thinking particularly about Japan and China, have these policies had any tangible benefits so far, or is it also too early to tell?

**Dr Minako Morita-Jaeger:** The economic benefit is not tangible there. We are living in the era after crisis and the risk economy. Companies are well aware of that. In the case of Japan, it is very different. Maybe there is some alignment with the US, but during the Cold War, before this economic security or policy initiative, it was based on the COCOM framework, on export control, and after the Cold War it was based on the Wassenaar Arrangement.



After the Economic Security Promotion Act, Japan is now revising export controls, the important strategy area and the products that relates more to export controls, but not like the US. Japan is still revising the area of export controls in collaboration with Japanese business.

The impact of dual usage is the key issue. Everything can be dual usage. The Government have to show the transparency and the clarity and not expand too much. Otherwise, they completely intervene in the economic activities, and business is very worried about the extent to which it will be extended. The Economic Security Promotion Act is not only about export controls but about the expansion of the coverage of the economic security area. It is not only semiconductors. It is all services: telecoms, the financial sectors, computers and sewerage—all the core infrastructure. Export control is one of them, especially for the defence-related industries, but the Government have to show clarity and transparency. That is their number one issue.

**Q42 Sarah Champion:** Are you seeing the UK Government looking and learning from the examples that you have given? That is a different headshake.

**Dr Zeno Leoni:** I want to mention the new Wafer Fab, the semiconductor factory, in Wales. I think the UK Government are learning in the sense that for a few years now we have had the fusion doctrine. It absolutely makes sense, and it seeks to create more synergies across government, which is what the US is doing and what China does almost by default due to its political system. However, it seems that the Government have been extremely slow in taking a decision on that issue and have probably been slow on similar issues. This puzzles me, because we hear a lot of discussion about Taiwan, for example, which is a very sensitive issue on both sides, but when we absolutely have the right to take a decision and to act, we are hesitating. China would not hesitate for a second on something like this.

My wish is that perhaps there can be a bit more reciprocity with these measures in the way we deal with China. My understanding is that, in the case of the Welsh factory, at the end of January the Government had still not made a decision. So, in principle, yes, the UK Government are there, but the devil is in the detail.

**Sarah Champion:** Is that hesitancy or lack of strategic clarity recognised outside the UK? Do other countries see us sitting on the fence on this?

**Dr Zeno Leoni:** To be honest, we live in an international order that is dividing states, and then there is a global economy where there are flows of capital, goods and people trying to move across borders, which our leaders should try to regulate and control. It would be unfair if I said that other countries do not have exactly the same issues when it comes to China. We will never be able to have a coherent China strategy, but we need to have our own narrative and decide, as you have alluded to, where the threshold is for what we want to securitise and what we do not want to securitise. What we decide to securitise needs to be securitised.

**Q43 Lord Butler of Brockwell:** I want to follow up on investment screening. We have the investment security Act, which is quite recent. The three countries we are discussing all have their own arrangements for investment screening, both outward investment and inward investment. Can we start on inward investment? Do you think that there are lessons the UK could learn from the way in which the three countries we are discussing exercise their controls, their screening, on inward investment?

**Dr Zeno Leoni:** To be honest, I am not familiar with the technical aspects of these regimes, but, as I said in my previous intervention, the right principles are on the table. The problem is applying them. Perhaps this is an unfair example, but the national security law in Hong Kong was condemned by the Johnson Government and endorsed officially with a letter to British banks that probably do most of their business over there. There is a big disconnect there, and if that is not resolved, regardless of what regimes or regulations we use, we will always struggle. I do not know whether the Government back then reached out to these actors and there was a conversation. I think it is obvious that there would be a conversation. Maybe there was not, but it is quite striking, and if this is not resolved and these issues are not tackled, we will not get very far with this. We will do that only by applying certain technical aspects.

**Lord Butler of Brockwell:** Is there anything we can learn from the way Japan screens inward investment?

**Dr Minako Morita-Jaeger:** Thank you so much for the question. First, in principle, we have to think about the coherence between industrial policy, trade policy and economic security policy. The key issue here is that a country wants to promote inward investment for economic growth. That is a trade policy issue. On the other hand, another Government in a highly developed country is promoting and enhancing an investment screening system. How to balance these two is the key.

Since the late 20th century, Japan has been struggling with very low inward investment to Japan, and from 2003 the Government started to promote inward FDI. We had an upward trend up to 2020. On the other hand, because of the economic security risk error, the Government started to enhance screening tests from 2017, even before the Economic Security Promotion Act came into effect, under the foreign currency Act. The work that Japan did strengthened, year by year, the expansion of the scope of the business that requires advance notification of the investment, especially after the Economic Security Promotion Act. This relates directly to pillar 2 of the policy on investment in the core infrastructure of Japan, which covers a very wide area of the economy. Fourteen sectors are identified as core infrastructure business, and the Government are now considering extending it further.

When it comes to the UK, what can be learned from Japan's policy? We cannot say, "This is good and this is bad", but the basic thing we have to think about is the trade in investment relations and the comparative advantage of the UK's industries. They need industrial policy, as I said from the beginning. I would not say that they need government

intervention. It is more what kind of economy or strategic policy the UK would like to create for the future. This goes to the base of investment screening. Technically, each country can copy and paste perhaps, but that does not do the work.

I also want to draw attention to institutions. Historically, the UK is a more free-market liberal economy, and business does not like government intervention. Collaboration with business is key and it is not a top-down thing. The Government have to listen to business, especially SMEs and the services economy, which are key for the UK economy. I would not say that the UK has to take EU or Japanese-style investment screening. The UK has to find its own investment screening system.

**Q44 Lord Butler of Brockwell:** Thank you. On outward investment screening, I was quite surprised to see that these three countries all have a form of outward investment screening of a sort that I do not think the UK has. Would you like to comment on that? Should we learn from any of these countries about looking at outward investment screening? I am not quite sure what we would apply it to, to be honest. Why do they screen their outward investments?

**Dr Minako Morita-Jaeger:** In Japan's case, I think you are also talking about reshoring and onshoring relating to the global supply chains. I am very sceptical about how effective the screening of outward investment is in bringing back the investment where they try to establish investment among the friendly alliances. The Japanese Government allocate a huge budget for semiconductors, for example, allocating all the factories, outward investment or inward investment. In all the global supply chains there is a strong linkage from the manufacturing sectors and the service sectors. Even with screening or bringing companies back, the companies involved in all the global supply chains are affected, not only the big companies. The Japanese Government allocated huge financial support to bring TSMC back to Japan, but for other sectors in the Japanese economy they allocate only to semiconductors, not others. It is unequal. That sector focus on investment, outward or inward, and government intervention in global value chains decreases market efficiency. Of course, there is a balance to be had between the risk and the free economy.

**Dr Zeno Leoni:** On the question about the screening of outward investment, I wrote a very short book about US-China relations and the rise of China. I will not tell you the title, I am not selling it, but I will tell you the subtitle, "Made in America". That is a very provocative subtitle. It looks at how the US—and, if you go back to the first opium war, the West more broadly—has been extremely keen to enable the rise of China, especially in the 1990s when the mainstream ideas were about hyperglobalism and neoliberalism. These ideas are questioned nowadays in the aftermath of Covid and now that we have realised that they come with a cost. At least I can comment on the fact that this is the philosophy behind those restrictions. That also might apply to the UK, because the US Defense Production Act is an expectation that what the US will

demand from the UK will be produced indigenously and not shared with others.

A final point on lessons for the UK is that the US has had a backlash and has been accused of being protectionist when it comes to these sorts of restrictions. There is a political cost to consider. If there are resources to commit to in, say, an inflation reduction Act of the UK or something similar, they need to be substantial, because if they are just symbolic it will cause a political backlash without achieving many benefits over here. I will leave it there.

**Lord Butler of Brockwell:** Thank you. I remember that when I was young products used to be stamped "Made in Britain", but this was because it was thought that that promoted their sales. It is a sign of the times that that does not happen now, but it was not as a result of any controls imposed by the Government. It was because the producers thought that it enhanced sales.

**The Chair:** Thank you, both of you, for coming and giving evidence. We are very grateful to you for your time and for your answers.

## Examination of witnesses

Dr Emily Jones and Dr Tobias Gehrke.

Q45 **The Chair:** Thank you for coming. I am sorry that you have had a difficult journey, but at least you made it.

**Dr Emily Jones:** I am delighted to be here.

**The Chair:** Dr Gehrke, thank you also for being with us. The first few questions are to Dr Gehrke, which is handy as it gives you time to adjust.

**Dr Emily Jones:** Thank you.

Q46 **Baroness Fall:** I want to open with a general question about the EU's approach to economic security and how it differs from our own. At the moment, we see the US versus China economic security dynamic, and there is a sense of us in the UK tucking in more towards the US model, and then the EU attempting to create a third way. I am interested to know whether you think that is what it is trying to do, whether it is feasible and how it affects us. Thank you.

**Dr Tobias Gehrke:** Thank you for having me join you. Apologies that I am only doing it virtually, but I really appreciate that that works.

The European approach to economic security is a difficult one already, because we are talking at the EU level and at the member state level. I will be focusing mostly on the EU level, because the European Commission published an economic security strategy last June, which lays out quite a bold approach to how it conceptualises this world of risks. I want to caveat this a little by saying that there are ongoing elements in

member states that are part of this world. Some member states like Germany have a bunch of strategies. Last year, for example, the German Government concluded a China strategy and a new industrial policy document, both of them quite rich in economic security elements, so they go into policy and risks.

There is a lot going on, but at the EU level the European Commission has come out with this risk-based approach. It says, "We want to do fact-based analysis", and it identified four risk categories: supply chain risks, critical infrastructure risks, technology security or technology leakage risks, and economic coercion or weaponisation. The Commission says, "We want to really go into that, get to the bottom of it, understand the risks. Then we have three ways to mitigate: we can protect, we can promote, or we partner". It is safe to say that there are already quite a lot of tools for each of these three mitigation strategies. I am happy to go into detail on some of them. The challenge is the co-ordination between different tools, different directorates, different member states or Commission directorates working on different elements. One of the challenges is co-ordination between these.

So far, the European Commission, in the last nine months or so since the strategy from June, has focused a lot on the protect side. One reason for that is because the United States has been focusing a lot on that. We have already heard about it: the protecting of critical technologies. The other element of why the European Commission focuses so much on the protect side is that the promote side lacks money. Promoting industry supply chains, our tech ecosystem—all that support instrument optimises member states. Member states like Germany and France are doing a lot nationally, but the EU lacks a centralised financial tool, so the Commission is forced into focusing on more narrow aspects of protect.

Another important element is that the EU's conception of economic security is country agnostic, meaning that it is not a trans-Pacific strategy. It is quite clear that there is no political appetite among member states to make it so, but implicitly of course there is a lot of focus on China.

In January, the Commission released a set of new proposals, all of which have to focus on the risk category of technology leakage. There is a new proposal on how to better co-ordinate export controls, on foreign direct investment screening, and something on research security, which is a first for the EU.

This approach of the Commission is quite technical; there is a lot of focus on technical risks and mitigating them. The politics of economic security are much more fragmented. It is not really clear who in the European Union is buying into this. It lacks a political leader. Commission President von der Leyen is clearly one of the leaders, but among the member states it is much more fragmented. So although there is a lot going on in the policy tools in the toolbox, the politics of it are a bit challenged.

**Baroness Fall:** Thank you. Dr Jones, do you want to make an additional

point or shall I keep going on this line? Would you like to come in on any of that?

**Dr Emily Jones:** Please keep going and I will come in on the developing countries.

Q47 **Baroness Fall:** Okay, lovely. I was interested in what you said about the member state differentiation versus the Commission. In particular on the tech side—I am thinking about what happened with Huawei in the UK—to what extent do you think it will roll out the 5G toolbox? Do you think there will be a unified view in the EU about Huawei?

**Dr Tobias Gehrke:** The passage of time has shown that that is not really emerging. There was an agreement a few years ago on the technical risks of an infrastructure provider like Huawei. There has been an agreement on the potential geopolitical risks, and I think that the 5G toolbox you mentioned was a decent compromise. All member states agreed on these risks and that there are certain standards they should all consider when they choose a telecommunications vendor. Practically, though, it has failed. Major member states, including Germany, are not moving ahead of really implementing the toolbox, by which I mean cutting out Huawei. It might still happen, but there are major challenges—costs, in particular, in Germany. The national providers face huge costs of rip and replace, so there is a challenge.

However, we are facing more of these 5G Huawei challenges, where member states and the Commission need to come together to define certain risks, not only for 5G infrastructure but for a range of critical technologies, and to agree on some common way forward. That is what is going on now: the European Commission and the member states are carrying out risk assessments on critical technologies, with the idea of having this data and then proposing actions that ideally everyone will implement. However, one can be sceptical. Even in one of the most advanced files, foreign direct investment—FDI—screening, where the European Union has had a common regulation for five years now, we still see major gaps. I am sure we will come back to this in a minute.

The question of competencies and the implementation of commonly agreed standards is one of the most persistent challenges.

Q48 **Lord Snape:** I do not know whether you heard the exchange with the panel before you, Dr Gehrke, about investment screening. We heard about the United States, Japan and China and their views. What about the EU? How effective is the EU's approach to investment screening? Can the UK learn any lessons from it?

**Dr Tobias Gehrke:** As I have just hinted, there are some positives and some negatives. Certainly some member states are quite advanced on FDI screening. Germany, France and Italy all have quite strong powers that they have reformed in recent years. They have been closing gaps continuously. Germany is on its third, or maybe even fourth, reform within the last four or five years. It will have a new investment screening Act, just like you do in the United Kingdom, which again closes gaps. It

will focus on expanding the scope of what can be screened. It will go into research co-operation, for example. It will likely cover intellectual property and potentially greenfield investment, which is perhaps a first in Europe or one of the only ones. These are quite positive signs in some of the member states. However, in Germany, even though the instruments are there, you have cases like the Chinese COSCO group investing in the port of Hamburg, which got around the FDI screening thresholds, basically. So, in the end, politics can still come in.

None the less, the direction there is quite good. At the entire EU level, however, there are definitely more gaps. That is why in January the European Commission proposed a reform of the FDI screening regulations. The main gap is that not all 27 member states have FDI screening—currently it is 22, so a few are missing—but the problem with FDI screening is that often you are only as strong as the weakest link, particularly in the single market where there is one entry point. That can often be enough to then move around in the single market.

The new proposal that the Commission put on the table wants to close some of these gaps. It says that, number one, all member states have to have an FDI screening mechanism; it is compulsory. It wants to expand the scope of sectors that are covered. It also wants to go to the point of internal EU investments. It is trying to close the gap where a subsidiary of a foreign company goes into Europe through one country and then invests within the single market. It also makes some other points about better process, better transparency and so on. That is a positive development.

However, there are challenges. The number one challenge is that Chinese investment in the EU has completely changed from brownfield investments or acquisition of existing companies to almost exclusively greenfield. It is 90% to 10%, perhaps, most of it in manufacturing of green technology—in batteries and electric vehicles and their corresponding value chains. Greenfield is not covered in the current EU regulations and not even in the reform proposals. That is a problem.

The other problem is that some countries play differently. Hungary is becoming quite a big challenge. Much Chinese investment now goes to Hungary, which is playing a little the bridgehead of China in Europe and is very China-friendly. There are reports of investment facilities in Hungary where different rules apply compared to the rest of the country. How that is addressed is challenging.

Chinese investment has also changed in the sense that it is now more strategic investments, not only taking a controlling position in companies but minority positions and having strategic positions on boards. That is also interesting perhaps for the UK to cover.

Q49 **Lord Snape:** If you were advising a British Government Minister, would you encourage them to adopt investment screening as used by some of the countries you have just mentioned within the EU?

**Dr Tobias Gehrke:** Unfortunately, I do not know the details of your Government's investment screening, so I am not sure.

**Lord Snape:** We are enjoying the benefits of Brexit. I do not think too many people in this room would disagree with me. Sorry, I did not mean to interrupt.

**Dr Tobias Gehrke:** Perhaps, but I imagine that compared to some of the major industrial countries in the EU it is probably quite similar, because on investment screening there is a lot of exchange in the G7 and other formats. So I imagine that compared to Germany, France and Italy there is not much difference, but we all need to think about how we deal with greenfield investment and the kinds of risk that brings. It is quite different to the usual acquisitions, as I said, and there is no easy option for how to deal with it. It brings a lot of benefits, mostly jobs.

**Lord Snape:** Dr Jones, do you have any opinions on investment screening in the UK?

**Dr Emily Jones:** Not that I want to contribute at the moment. I am happy to come in on the developing country angle, because that is what I prepped for.

**Lord Snape:** I think the phrase would be, Chair, that we strike that from the record. Thank you.

Q50 **Lord Butler of Brockwell:** Since we left the EU, I gather that there is no institutional arrangement for a dialogue on economic security issues between the UK and the EU outside the multilateral institutions. Do you think this is a problem, Dr Gehrke?

**Dr Tobias Gehrke:** No, I think it is quite necessary. There is a lot of standard setting for economic security going on outside of multilateral institutions. In unilateral agreements it was said in your previous panel that the Inflation Reduction Act set clear standards on how raw materials, for example, can feed into supply chains in America. These are economic security standards that have been set by the Americans basically by themselves, but there are also standards being set in minilaterals like the US-Japan-Netherlands agreement on export controls, which takes quite a step forward from existing multilateral export control regimes, the Wassenaar Arrangement in particular.

These agreements are happening, and one has to be active there to be part of the standard-setting process. The G7 is quite active—that was said in the first panel as well—but there is no one body that is the economic security body. The reality is clearly much more mini-deals, bilateral deals, so being active with a lot of partners and trying to lock standards that we agree on in these agreements is very important.

Q51 **Lord Butler of Brockwell:** I do not deny that. That is fine with the multilateral bodies, but should the UK be having a more direct link with the EU so that we can decide whether we go along with the restrictions that it is imposing?



**Dr Tobias Gehrke:** I hope so, absolutely. We are clearly co-operating in the G7 a lot, but the G7 has a strong steer from the United States and Japan on certain economic security standards that might not be the standards that everyone in Europe agrees with, particularly when it comes to how China-specific economic security should be. The United States and Japan are quite in one direction, whereas the European countries, the UK included, are more cautious here and perhaps want to draw a different security line. Hence, it is not about being against other G7 countries but about building a different coalition for where we set these standards. So yes, I do think there is a strong case for more bilateral co-ordination between the EU and the UK.

Q52 **Liam Byrne:** Dr Jones, could you tell us a little bit about your perceptions of how the UK is faring in what is now a battle for influence across developing countries?

**Dr Emily Jones:** Thank you so much. I am delighted to be with you all this afternoon.

Talking about developing countries, there is a lot of them, so I suggest that we differentiate between what I call the emerging market economies, the 20 large players—the Chinas, the Indias, the world—and the 150 others that are the developing countries.

Yes, there is a battle for influence going on. We see that the EU, the US and China, for example, all have very clear Africa strategies. To my mind at the moment, looking across the integrated review and our various security documents, we have quite an ad hoc approach. I do not think we have a very clear strategy towards the emerging markets, the bigger 20, or the other developing countries.

I see a major focus on China, of course, and understanding China. That is clearly a key area of resourcing. We have seen the Indo-Pacific tilt or pivot and more emphasis on our relationship with India and with Indonesia. We have just had a discussion about the derisking of supply chains; we are also seeing some ad hoc UK relationships with, for example, Chile, Zambia, South Africa on critical raw materials, but I do not think we have a clear articulation of where we see medium and longer-term developing countries fitting into our economic security.

I have some ideas of where that should go and why I think we need to shift. First, if you look at the UK as a major trading nation and where dynamism is in the global economy, we have seen a huge shift over the last 30 years. Now, if you take collectively emerging markets in developing countries, they are now 60% of global GDP in PPP terms. The first growth is in emerging market economies—China, of course, but also India. Longer term, we think that by 2050, if you look at the demographic growth in Africa, one in four of global consumers will be in Africa. There is an economic growth in where the locus of energy is in the global economy. That is one reason for thinking through medium term where we want our relations to go.

Secondly, as we have just discussed, there is a major geopolitical tension, particularly between the US and China, which developing countries are trying to figure out as well. China is seen as a huge opportunity for many developing countries for trade and investment, but they are also wary. They are wary of ceding sovereignty, and many of them are being very careful not to choose to ally overly with China or the US. That is very important for us.

In our integrated review, we recognise—I will probably slightly misquote it—we have a higher-order interest in maintaining an open, multilateral, co-operative system. The majority of developing countries are there with us. They are potential allies. If you think of global economic governance, institutions that the UK was absolutely pivotal in setting up after the Second World War—the WTO, the IMF, the World Bank—we are at a really important moment where they are being reconfigured, and we are at a crisis moment in many of them in trying to work out what multilateralism looks like now. Many of them are our allies in trying to rebuild a multilateral system for the 21st century, but again I do not think we are necessarily seeing them in that way. When we think about who our allies are, typically the discussion is around the Canadas, the New Zealands, the Australias, the Japans. Where I think we are missing a trick is in some of the major developing and emerging economies that similarly want a revival of multilateralism.

**Q53 Liam Byrne:** When you look at Chinese borrowing, for example, among African countries, there is a pretty linear relationship between levels of Chinese debt and the support of those countries for, say, the Motion about Ukraine at the UN. That would appear to be evidence that we should be getting more involved in supporting countries if we want them to be a bit more sympathetic towards our arguments in international settings in the future.

**Dr Emily Jones:** I think that is indicative of countries not wanting to be forced to choose at the moment. Yes, we need to be more active. The question is to what extent they will come on board. Many of them are just being very careful and cautious in trying not to align overly with one side or the other. That is how I read the strategic intent. Can we compete there and offer an alternative to China? I am not sure, frankly. We want to think very carefully about where the UK has value-add.

I come back to the multilateral institutions here. Take Zambia, for example, with debt restructuring and a huge build-up of debt with China. It is going through a debt crisis, and it has been trying to resolve its sovereign debt crisis for three years now and counting. It owes money to its traditional donors, the multilateral institutions, to China and to private bond holders, and at the moment we do not have a mechanism for resolving this crisis. It is not just Zambia, it is across, but we play a huge role in the IMF, the World Bank and others, so again I feel that we are underplaying our ability to offer a brokering.

**Liam Byrne:** If you look at three of those dimensions, most of the private sector bonds will be issued in New York or London. We are not

reforming the law to require private creditors to take part in debt restructuring. If you look at the IMF instruments, we were well behind the pack in sharing SDRs, for example, and we are doing nothing to help build a bigger World Bank. The current reform agenda is obviously a better bank before a bigger bank, but we have done nothing to take, for example, the money that we get back from the European Investment Bank and re-channel it into building a bigger World Bank balance sheet. It feels to me that there is a range of at least three or four quite simple things that we could be doing that we are failing to do.

**Dr Emily Jones:** Yes, I fully agree. We have seen a pivot generally from multilateral investment towards bilateral. The bang for our buck is precisely in some of those areas, and that is where we could move. Similarly, with illicit financial flows, the City of London could do a lot more than it has. There are some strategic areas that really matter for developing countries where we could be playing much more of a role and, as you say, sweating the balance sheets of the bank.

Q54 **Liam Byrne:** My final point is on critical minerals. If you look at the Nairobi declaration that was issued last year, many African countries are now looking for a real partnership, not least to help to develop not just the mining but the processing of critical minerals in Africa rather than exporting them abroad. That will require trillions of dollars' worth of investment. Britain is a centre for expertise for mining and fund raising for mining. Is that an opportunity for us to help partner with Africa?

**Dr Emily Jones:** Depending on how we play it. We have to be very real about how we weigh up what is in the UK's national interests. There are moments when our short-term interest is not necessarily aligned with the longer-term interest. Our mining footprint is huge in the African continent. We have a lot of investment in the mining sector. To put it candidly, there is probably some pushback from some of the mining sector in making sure that value addition happens in African countries.

It is not easy terrain for us to navigate. For many African countries, there is a window of opportunity here where they are sitting very pretty in being a source of raw materials. They want to make sure that they genuinely gain value from that. The question then, as you rightly say, is our expertise to make sure that they can do that. We have lost a lot of our development expertise through the merger with the Foreign Office and the cuts to ODA. My concern is that, where we should be playing very strong and leveraging that expertise, we are ceding a lot of influence and experience.

Q55 **Sarah Champion:** You were speaking about losing influence and linking it to the merger between the Foreign and Commonwealth Office and the DfID development office. The then Foreign Secretary and now the Home Secretary rather bluntly said that with ODA, the foreign aid, he had a seat at every table because the foreign aid budget was the chips to get into that table. Can you describe the impact that cutting that budget, those chips, has had on our influence and how in turn that is weakening our economic security here in the UK?

**Dr Emily Jones:** First, we need to ask to what extent our ODA spend is linked to our economic security. There, we have to take a very long-term view and see that with states that are fragile, in conflict, desperately poor, that is not in our long-term national economic interest. Prosperous nations everywhere serves our own economic interest. Once we see it like that, we should be concerned about some of the impacts that our cuts are having. Just on the numbers, we have seen the cut from 0.7% to 0.5% of our GDP, but it is important to acknowledge that within that we have also seen a lot more spend within the UK. About a third of ODA spending is now on refugee and asylum accommodation in the UK. That means that at a country level we have seen some very substantial cuts.

Of course, it varies, and I am cognisant that there are 150 countries, so I do not want to make overly broad generalisations. I looked into the numbers on this and the headlines are quite astonishing, just stark. The least developed countries have seen a 55% cut in UK support and low and middle-income countries have had a 49% cut in our in-country spend. Pakistan has been hit particularly severely, as have Sierra Leone and Sudan. In Sudan, the number is roughly 2% of the country's GDP as a result of it. These are small, fragile states, some of them very aid dependent, and if you are cutting back to such a degree there are pockets where that has been really meaningful. There are many developing countries for whom our aid, frankly, is neither here nor there. If you are India, you are a big player, but at the margin for some countries this has been very material.

The second thing I want to highlight is the loss of development expertise, which is a little bit related to what I was just saying. The National Audit Office give us the readout 10 days ago, and again the numbers are quite stark and indicative. We have seen the number of expert development adviser roles in FCDO fall by 14%, so we have seen quite a long cut, but the bit that struck me was the report says that the FCDO has been aware of the risk of not sustaining its international development skills and expertise and it rates the risk as severe. It is acknowledging that it is losing a huge amount of that expertise in-house, so if we look not only at the spend, the absolute numbers gain, we can see that we are losing a lot of the expertise. We have seen a lot of very senior roles shifted.

Q56 **Sarah Champion:** Has that had any impact on our status as a trusted partner internationally?

**Dr Emily Jones:** Again, I do not want to overgeneralise, but the third thing is aligning our aid or our ODA spend with our national interests very clearly. If we step back, the UK is one of six countries that has managed to honour the 0.7% historically. We are also one of the larger players that delinked our short-term national interests from our ODA spend. ODA spend done well is in our long-term national interest, and we were seen as a very reliable broker with genuine development expertise. My own career started in Brazil working for DfID and we were in a completely different building from the British embassy. It was two very different sets of people. There was taking care of Britain's foreign interests and then there was the development cadre, and they were seen as distinct. That

was a huge source of soft power—I do not particularly like the term—influence, respect and brokering of partnerships.

We are still a major economy, but if we are in the battle for influence, as our colleagues intimated, we need to shift gear. There are many offers on the table for developing countries, and we need to be in there offering something quite specific. We need to be a trusted long-term partner, and with the cuts that we have imposed on specific projects we are no longer seen as trustworthy. There is a real concern in many places that our ODA spend is being leveraged for our short-term interests. We are not playing the smart long game on ODA. The other part of that is we have put a lot of it into bilaterals where we have probably more to gain from a reinvestment in the multilateral space with a lot of that spending.

**Q57 Lord Robathan:** I spent six years on the International Development Committee in the Commons and went to Sudan, among other places. You mentioned Sudan, so let us be specific. What difference do you think our cuts in ODA have made to Sudan, given that it is fighting the most bloody war between two warlords with many people being killed and many more being injured. What difference would our ODA have made to that?

**Dr Emily Jones:** I do not know. I am not an expert on South Sudan. I know that the cuts there are substantial.

**Lord Robathan:** It is not South Sudan. It is up in the capital Khartoum. It started there.

**Dr Emily Jones:** I understand that, but I am not going to speak without having the authority. My expertise is very much in governance and trade, so with respect I would prefer not to speak on a country that, frankly, I do not have the deep expertise on, if that is okay.

**Q58 Lord Snape:** I suspect I know the answer to this question, but I will still try it. It is on developing countries' priorities. Do you think the Government are aware of developing countries' priorities? How effectively do they integrate these priorities into the decision-making process on trade agreements?

**Dr Emily Jones:** Again, it probably varies country to country. I have worked extensively on the World Trade Organization recently and there we have a really good team of diplomats in Geneva who are widely respected, spend a lot of time talking to the delegations from developing countries, and I think understand what is going on and integrate it into their ways of working. If you saw the UK delegation in the MC13, the World Trade Organization ministerial, just a few weeks ago, the people I have spoken to in Geneva admire their ability to try to broker a solution when the organisation is in crisis.

We have some brilliant diplomats operating in these spaces who are doing excellent work. The challenge is that it is not necessarily translated into the higher level of strategic objectives and really resourcing our long-term relationships with those developing countries. That is a little bit of a disjunct that I see. We could put a lot more diplomatic resourcing

into some of the longer-term strategic relationships, into strengthening our ODA and into the multilateral space.

Q59 **Baroness Fall:** Do you think that the rules-based international system is an important base for building UK economic security?

**Dr Emily Jones:** It is vital. At the moment, the multilateral system is under strain, again if you think about the World Trade Organization. It is hard to see how we solve some of the emerging geopolitical tensions through a purely bilateral route. The multilateral space is the one space where we have all the players in the room. It means shifting what we ask of the World Trade Organization and other multilaterals and becoming much more pragmatic. It is interesting that with MC13 we saw China, the EU and Brazil as the players that were trying to reinvigorate the system, alongside the UK and a few others. The US has stepped back even under the Biden Administration, so bringing the US back into the multilateral fold is an important strategic imperative. I struggle to see how we can manage the geopolitical tensions with a purely bilateral series of arrangements.

The G20 is increasingly important. We talked earlier about derisking. We spend a lot of time thinking about the G7, but if you think about where the weight is in the global economy, to my mind the G20 is an incredibly important forum for a lot of these discussions. It is about resourcing that space, and the multilateral development banks, the IMF, deserve more attention than they are getting at the moment. The rules probably have to shift as well. We are slightly locked into trying to rescue the old system and we need a pragmatic updating in light of the new reality.

So yes, we need a rules-based system, but we need to reform the governance of many of those multilateral institutions and to be a bit more pragmatic in thinking about the rules.

Q60 **Baroness Fall:** Do you see the bloc rivalry that we see emerging as a problem for this? We saw the BRICS emerging, and there is the question over whether the G7 will stay as the dominant of that group of people. Or do you see the BRICS emerging as an alternative?

**Dr Emily Jones:** The BRICS is an interesting constellation. You have some really divergent players in there. My reading is that the BRICS is not a particularly coherent group. You have Russia, China, India, Brazil and South Africa, and at the moment they are very different on many issues. Again, going back to the World Trade Organization ministerial talks, we saw some real tensions playing out between Brazil and India on agriculture, between China and India on investment facilitation. So that is not necessarily how I would see the grouping. We are seeing the US, the EU and China as the three big geopolitical groups, and everybody else trying to figure out quite a pragmatic strategy to manage that. I am slightly wary of putting the major emerging economies into a single basket, coming back to our deep need to understand how they are different.

**Dr Tobias Gehrke:** I second what was said. I fully agree that the BRICS are more defined by what divides them than what unites them. The examples were given of India and China, which are particular security rivals. We see Indian economic policy on technology in particular towards China. It is clear that the Indians are much closer to the United States on many of these questions than to China. So I would not see them as a coherent bloc.

I fully agree that being rules-based is key, but I would add that the world is moving on. It is in a way like it was in the early 2000s, when the Doha round and the WTO ground to a halt. The focus was on bilateral FTAs. We see a similar pattern emerging now perhaps, not on bilateral free trade agreements but, rather, on supply chain deals that target the much more specific demands of some nations. The WTO should remain there, but there are challenges. For example, we cannot really manage risks that are not there yet. The WTO rulebook is quite limited in allowing a bit more foresight of how the global economy is transforming and the kinds of risks that are potentially only emerging. That is on the minds of the people who think about economic security and how we address future risks now in a legal way. It is quite a challenge.

The other challenge, as was said already, is the climate chapter. There is a huge blockage in the WTO about having a more substantial role in defining the rules of the green economy, what are good subsidies, what are bad subsidies. These are topics that demand answers, and unfortunately we have not got far yet. A balance between more multilateral deals—I agree that the G20 is an interesting constellation—is realistic and pragmatic, given the blockages.

**Lord Butler of Brockwell:** Thank you. The Chair apologises that she has had to leave, so it falls to me to thank you both very much for giving such interesting and helpful evidence. Thank you again.