Joint Committee on the National Security Strategy

Oral evidence: The National Security Strategy

Monday 23 June 2025

4.35 pm

Watch the meeting

Members present: Matt Western (The Chair); Liam Byrne; Sarah Champion; Bill Esterson; Baroness Fall; Baroness Kidron; Sir Julian Lewis; Edward Morello; Lord Robathan; Lord Sarfraz; Lord Sedwill; Andy Slaughter; Lord Tunnicliffe; Baroness Tyler of Enfield; Lord Watts.

Evidence Session No. 1 Heard in Public Questions 1 - 20

Witnesses

I: Lord Peter Ricketts GCMG GCVO, Chair of the Lords European Affairs Committee, former UK National Security Adviser and diplomat; Dr Rachel Ellehuus, Director-General, Royal United Services Institute, and former United States Secretary of Defence Representative in Europe.

II: Professor Michael Clarke, Defence and Security Analyst, Sky News, Visiting Professor, King's College London, and Distinguished Fellow, Royal United Services Institute; Grace Cassy, Co-Founder, CyLon Ventures, and external reviewer for Strategic Defence Review (2024-2025).

Examination of witnesses

Dr Rachel Ellehuus and Lord Ricketts.

Q1 **The Chair:** Welcome to today's meeting of the Joint Committee on the National Security Strategy. Today we are looking at the Government's upcoming national security strategy. Can I start by welcoming our witnesses today? Could you first introduce yourselves?

Lord Ricketts: I am a long-time former diplomat and National Security Adviser. I was very much involved in the 2010 SDSR and I am now chair of the European Affairs Committee on this corridor as a Member of the House of Lords. I am also, to declare an interest, vice-chair of RUSI. So the institute is well represented on the panel today.

Dr Rachel Ellehuus: I am the director-general of RUSI, as of January of this year. I came from NATO headquarters in Brussels, where I was the defence adviser and the Secretary of Defence's representative here in Europe. I also worked on the 2010 SDSR. I was on secondment from the Pentagon to the Ministry of Defence.

The Chair: Thank you again for joining us. You both had involvement—Lord Ricketts, you just referred to it—in the 2010 review. What does the national security strategy need to cover? Indeed, are there any learnings from previous reviews, such as the 2010 review and those since?

Lord Ricketts: I must beware of going back to my past, but there are one or two things that are worth pointing to. First of all, in 2010 we published the strategic defence and security review and the national security strategy alongside each other on the same day. They were taken through the Government and approved in the NSC as a pair. I was intrigued that this time it was purely a strategic defence review that came out a couple of weeks ago, and the national security strategy, which I gather we are still waiting for, is separate from that.

The first thing a good national security strategy has to have is coherence. It has to look across the spectrum of different issues that are being treated under the national security umbrella, and, crucially, it has to make choices among them. A strategy is not a strategy unless it sets priorities and makes choices. Otherwise, it is just a list of desirable government aspirations.

The Chair: Have previous reviews done that successfully?

Lord Ricketts: In the 2010 review, we had a list of national security priorities in the risk part of it, which listed them as first, second and third tier. Therefore, it did at least make an effort to show which risks the Government thought were the highest priorities. We shall see what the national security strategy says this time, but it has to show that the Government have thought about the priorities across the spectrum.

The second thing is how wide it goes. You can, in the end, have national security inflation, whereby it goes almost to the totality of the Government's programme, at which point it becomes more and more difficult to make any choices. I can perfectly understand if the strategy we are waiting for goes into new fields, such as the war in Ukraine, technology, economic security and the resilience behind that, but there has to be some sort of boundary to how broad national security becomes. Otherwise, it would simply be taken into Cabinet as the whole-of-government programme. I shall be interested in coherence, priorities and scope.

Dr Rachel Ellehuus: I agree with everything that Lord Ricketts just offered. I would only add that in the 2010 review we were coming out of two decades of out-of-area conflicts. We were not so focused on collective defence and security as we are today. There is a bit of a contrast in how you organise the force, which we have to recognise. They

will be two very different documents. I appreciate that, because of that strategic environment, you probably wanted the SDR and you pulled out the security aspect.

That having been said, the security aspect is not absent from the SDR and I expect it will not be absent from the national security strategy. Even back in 2010, there was a lot of conversation about a whole-of-government approach to security. I see that in some of the other strategies we have been given, such as the industrial strategy and the infrastructure strategy. There is a real sense that economic security is also security, and that resilience is a form of deterrence in itself. There is almost a recognition that you will be hit in some way by a cyberattack, a hybrid attack or economic coercion, but your ability to be resilient, to have redundancies and to bounce back from that is a key part of deterrence.

That is a new element that I saw growing as a seed all the way back in 2010, but I am happy to see that it has remained as a thread all the way up to today.

The Chair: There are all these different reports, reviews and strategies, as you were saying. We have the China audit, the AUKUS report, the strategic defence review, the resilience review and so on. How on earth does the Cabinet Office hold all this together and ensure that different departments deliver? What would your view be, Lord Ricketts?

Lord Ricketts: That is the job of the National Security Council, which we created in 2010, with the National Security Adviser being the key civil servant supporting the Prime Minister and the committee on that. That is the one place in government where all this comes together. Otherwise, each department develops its own strategy and the coherence of them is not necessarily there.

The National Security Council should be there to take the various inputs. It is for Ministers to decide which among them they want to give priority and profile to and spend resources on most urgently, and then to put that to the public in a coherent document, such as the NSS. It is doable. The machinery is there, if the machinery is well used.

Dr Rachel Ellehuus: When I look across all the strategies, whether it be the SDR, the industrial strategy, the infrastructure strategy or what I anticipate will come out in the national security strategy, one common theme is growth and a belief that all these strategies will create jobs, investment and ultimately growth. That is a particular line of effort that we have to pay close attention to. How is each of these strategies really focused on delivering new jobs and new skills for the British people, while still pushing usable capability out of the back end? Sometimes you will buy things that do not create growth or jobs just because they are needed to get everything done.

Ultimately, I anticipate that there is an expectation in all these strategies that through this investment and this stepping up, you will see an overall economic benefit to the UK.

The Chair: Is there too much emphasis on growth and the economic output of this, and not enough on strategic coherence?

Lord Ricketts: We will wait to see whether there is strategic coherence. The strategic defence review was an effective strategy because it had a central prioritising focus to make the nation and the Armed Forces ready for warfighting. That is a very bold and audacious slogan, but it is one from which you can derive a lot of other priorities, such as funding—of course, there is a question mark over whether that will be adequate—the design of the Armed Forces, the capability gaps that we have, and what we need to learn from Ukraine. There is also another theme that I wanted to touch on, which is the coherence between what is happening in the defence world and other aspects of British power and influence, so the soft power side of things.

It was a pity that the defence review did not have anything useful to say on foreign policy, diplomacy, development and the soft power that goes with hard power. In the end, military force can have political effect only when it is linked to these other aspects of overall British power. We will see what is said in the national security strategy. In the end, we learned from the spending review how the budgets of the FCDO were treated, especially for organisations such as the British Council. That did not feel strategic to me. That felt like going back to the usual government business of finding savings. Yet the totality of British national security is a collection of all those inputs, and so it is important that the national security strategy looks across the piece.

For example, I thought it was a poor decision to raid the development budget in order to expand the defence budget, because the two work together to have the impact on the world that Britain should be having. It will be important to look at that element in what is published. If it is not adequate, the National Security Council needs to take a grip of how all those elements of the projection of British power overseas can be made more coherent.

Dr Rachel Ellehuus: I do not think there is too much of a focus on growth. I offer that for three reasons. First of all, in order to deliver defence, you need the people, the capabilities and the raw material. Frankly, a lot of these areas have been underinvested for a few decades.

Let us just take skills. The skill sets have changed. We do not necessarily need only army officers. We need cyber warriors; we need people coming in from the private sector who can contribute to innovation and the application of innovation on more conventional platforms. We need to look at recruitment and retention. If we want to get to the numbers and the skill sets that the UK military and UK Civil Service need, we have to improve the offer to be able to compete with the private sector.

Recruitment and retention, whether on the military or civilian side, requires investment in the jobs, the people and the places to live.

Finally, we have a real new issue here with security of supply. Whether it is in the commercial sector or the defence sector, we have gone a bit too far in outsourcing our security. The best example that I saw at NATO was when we tried to scale up provision of 155 mm munitions. When we unravelled the supply chain, we found that there were dozens of suppliers, if not more, but in some critical areas, such as gunpowder and shells, there were only one or two across the United States and Europe. We have to look at which aspects of those supply chains need to come back to the United Kingdom in order to create security of supply. A country such as Finland has known this for a long time because it has not had that alliance.

Q2 **Sir Julian Lewis:** Many years ago, at least at the start of the Cold War, if not later, defence reviews were highly classified documents for the obvious reason that, if your enemy knew what your strategy was, they could take countermeasures. I have always had a bit of a problem with the publication of strategic defence reviews. Is there a classified version of the strategic defence review that we see published, which contains the information we do not want an enemy to know?

Lord Ricketts: Well, you will have to ask the Government that, Sir Julian. I would not be surprised if there were not one or two classified annexes on nuclear issues that would not be for publication.

Your broad point, of course, is right. To me, the classic example of a really influential strategic document was Macmillan's *Future Policy Study* in 1960, which was "top secret". That was conducted over a year with all the key players, such as the Cabinet Secretary and the Chief of the Defence Staff, and was sent to Ministers, telling them that they needed to get alongside this new organisation called the Common Market and Kennedy's US. As a result, Macmillan offered to join the EEC, which was rebuffed, and went to Nassau to sign the Polaris agreement. That was a document that had a huge influence. It was not made public for many years. I do not think we could possibly do that now. We could not have something of that kind.

In a sense, national security strategies and SDRs are documents of political persuasion and presentation, although they are, of course, backed up by some serious strategic thinking in government. No Government are going to say from the rooftops where they think the key gaps in our capability are, for the reasons that you give.

None the less, it is fair enough that the public should have some accounting for how the billions of pounds that go into defence, development and diplomacy are being used, what the Government's aim is, what the objective is and what the broad areas are. I am sure there will be classified documents within government about the precise details of that.

The Chair: Lord Ricketts, I have one final quick question. You will know that the National Security Adviser was appointed by this Government as a special adviser. Will his appointment as a special adviser in any way constrain or limit his ability to manage security strategy across departments and to deliver and implement the strategy?

Lord Ricketts: My short answer is no. That particular National Security Adviser has had such a long experience of working effectively with civil servants that I have absolutely no qualms about how he will play the role. He has proved extremely effective now.

Formally speaking, he will not have certain powers that civil servants have to direct other civil servants, but that can easily be supplied by a deputy National Security Adviser. In the particular circumstances and given Jonathan Powell's unique background—I think I can say that—in crisis resolution and conflict resolution, as well as a decade of service in No. 10, he is a very strong and effective appointment in that role, surrounded, of course, by highly competent civil servants.

Dr Rachel Ellehuus: I do not really want to take a view on whether a political appointment in the UK system is a good idea, primarily because my own country, the United States, is extremely guilty of changing the cast every time there is a new election.

Generally speaking, I have seen how this can be of benefit in making sure that the priorities of the Government and the Prime Minister filter out through the National Security Council and into the various departments. I have seen how it can work effectively as long as the ultimate power is not taken away from the individual ministries. The National Security Adviser, who is politically appointed in a way, is bridging the political aims with the desires and priorities of the departments and trying to make them meet up.

Q3 **Lord Robathan:** There is a very fast-moving situation in the Middle East, as we know, with the States, Israel, Iran and God knows what else, so I will not hold you to whatever you say now. We see that people on the streets of Tehran and the Iranian Government accuse the UK of being in bed with the US, which to a certain extent we always have been, if not on this particular case. What is your assessment of the risks of retaliation against the UK? What sort of methods might be used?

Lord Ricketts: You are posing a question to people who are outside government without access to whatever classified information is available. First of all, the UK has been seen as an adversary, as a competitor and, sometimes, as a country that understands Iran well and has been able to negotiate effectively. The British were absolutely fundamental in the nuclear agreement, the JCPOA, in 2015. The UK has kept an embassy in Tehran. It has had to pull out people in the last few days, but it has maintained good links. The Foreign Secretary was speaking to the Iranian Foreign Minister 24 hours before this attack was launched.

Right now, the Iranians realise we are not in the same position as the Americans. We were not involved in the attack. Of course, British troops or British assets could be collateral damage in Iranian attacks over the next few days and weeks. There are significant numbers of British forces at Al Udeid airbase in Qatar, for example. There is that risk. For anybody in the Middle East now, the potential to be involved in a strike is there.

I do not think the Iranians will particularly see the UK as a direct target for their retaliation, no. They probably know that, when this round of highly dangerous exchange of fire does die down, there will need to be some return to discussions, and the British will have a role in that. My own calculation, honestly, is that the Russian threat to the UK from sabotage, asymmetric attacks and cyberattacks is probably greater than the Iranian one.

Dr Rachel Ellehuus: The United States went to great pains to conduct these strikes from a distance and to not use, as far as we know publicly, bases in Europe. Basing in the Middle East, in Qatar and whatnot, was used. From that perspective, I do not believe the UK would be a target.

That having been said, I am guessing that the people who are thinking about this are not really differentiating between the different types of westerners they are seeing on the ground. I would expect the UK, France and others who have troops in the region to be heightening their force protection.

More broadly, we need to watch very closely everything that is going on in the Middle East, whether it is Israel-Gaza or Syria trying to get its feet off the ground again. At the Washington summit, NATO named two threats to alliance security: Russia and terrorism. The only one that we have really made significant progress on over the last year is Russia. We have put terrorism on the back-burner, and we need to revive that. Given some of the chaos and uncertainty about how things could turn out in the Middle East, we could see that resurgent again.

Q4 **Lord Sedwill:** Perhaps I may just pick up that last point and touch on the potential future scenarios that might play out. As you say, particularly if there is a failed state or a collapse in Iran, we could see terrorism spilling out or we could see the Iranian regime using it. There is clearly the possibility that it will seek to pursue a nuclear weapon in even more secret than it has done in the past.

To go to the earlier question around priorities, how do we manage that kind of risk against the focus on the North Atlantic that has been the centrepiece of the defence review?

Lord Ricketts: The honest answer, in my view, is that the greatest direct threat to Britain's national security is what Russia is doing and what Russia may do in our region in the coming decade.

We have a long and deep engagement in the Middle East, longer and deeper indeed than the Americans, but, frankly, we have been something of an onlooker in the Israel-Iran and now Iran-US exchanges. With Gaza,

we have played a useful role in trying to pass some strong messages about the humanitarian situation, but, again, we have had very little, if any, leverage over Prime Minister Netanyahu and Israeli policy.

We are not central players in the security crisis in the Middle East. We are central players in the security crisis in Europe. Britain and France have played a very effective role in pulling Europeans together and constituting what is becoming a European pillar of NATO with this coalition of the willing, which includes Canada. We will see how that works in the NATO summit tomorrow.

Clearly, there is a concern that those two issues are going to potentially collide at the NATO summit, if Trump comes and he is not held back in Washington by further developments. I imagine that allies will want to come out of that with a working relationship with President Trump, both on Iran and the future of Iran and, crucially, on Ukraine.

Britain cannot expect to be a leader in those two crises at the same time. That is a reality. Therefore, as I said before, the number one priority for British national security, including at the NATO summit, will be Ukraine, keeping the Americans engaged and leading this European coalition, which is of increasing importance, in my view.

Dr Rachel Ellehuus: The Trump Administration never meant to get dragged into these conflicts in the Middle East and are finding themselves in a very surprising position, given that they were elected on the promise of reducing the United States' overseas entanglements and, if anything, they wanted to rebalance all the assets and forces to the Indo-Pacific. That is becoming very complicated.

Taking the long-term security perspective, if you look at the interim defence strategy in the US, a lot of the capability investments are still, relatively speaking, directed towards the Indo-Pacific. The United Kingdom is focused on the Russia challenge, together with other NATO allies, with a little bit of help from the United States. The US is still trying to rebalance towards the Indo-Pacific. We have a bit of a gap in terms of the Middle East and terrorism. That is why I am so surprised that the US allowed itself to be pulled along with developments there.

For me, one of the keys is Syria. We have a moment now to get things right and help establish a restoration of services and a sense of normalcy. Getting that one right, together with regional partners on the ground, whether that is Jordan, Lebanon or Turkey, could help create a little bit more stability, despite some of the more troubling developments around Israel-Gaza and now Iran.

Lord Ricketts: May I add one word to that? Dr Ellehuus is so right to say that, whatever the tactical twists and turns in national security in the next months, the generational shift is that the US is going to be turning towards the China threat and the Indo-Pacific. All Europeans have to take that into account. Britain certainly does.

One of the strengths of the strategic defence review was that it faced squarely the importance of Britain and other Europeans taking on more of the responsibility in NATO for our own security. That takes us back to the 1960 period. It is one of those rare, unusually clear strategic shifts in the landscape, which will be very apparent if you look back in 10 or 20 years' time. We are in the middle of it now. The Middle East crisis is complicating it, but that is the thrust under the surface, the tectonic change. That is what the UK ought to be focusing on. The SDR, to do it credit, does that.

Lord Sedwill: Can I just test that, though? I do not want to caricature it, but we are essentially saying that the Americans have decided that their primary focus is the Pacific and China, and for the UK and other Europeans the primary focus is the North Atlantic and Russia. Yet certainly my career and much of many of our careers was dominated by problems spilling out of the Middle East and south Asia, whether that was terrorism or proliferation, et cetera. How do we handle that, if we are choosing to focus in other areas?

Lord Ricketts: Coming back to choices and priorities, the ready-for-warfighting thrust is warfighting in Europe and reconfiguring the Armed Forces for a land war in Europe. We had our forces configured for fighting in the Middle East and Afghanistan, but public opinion has sheared sharply away from that. I doubt we are going to be deploying large ground forces to another Middle Eastern war.

From the point of view of defence readiness, the priority has to be readiness for war in continental Europe. You are absolutely right. No British Government can ignore events in the Middle East. Events, anyway, invite them into our politics and our economic security. They always have done.

Back to the point of having powerful diplomacy and effective British soft power, we need to be a player in that region. We need to count for the countries of that region, but we do not, in my own view, need to gear our military capability towards projecting large forces again into the Middle East. That is why I say that the overall national security priority has to be in Europe. We certainly should not neglect the Middle East—and we will not, I am sure—but that is more a job for our diplomacy than our defence, in my view. That is a broad-brush answer.

Dr Rachel Ellehuus: That was an excellent answer because the temptation is to put everything into a strategy. One of the strengths of this SDR is that it takes a bet and it prioritises NATO, particularly given the US position, which, again, is not new. For as long as I had been working in the Pentagon, which started under Rumsfeld, we had been signalling that Europeans needed to take on more of the security burden.

We are in a period where we are talking less about security burden-sharing and more about burden-shifting. That really does require a realignment of forces and capabilities and stepping up to think through what might happen if the US were to turn up in lesser numbers. I do not

think we will not turn up at all, but you really have to think through those eventualities.

The tilt to the Indo-Pacific still stays there. You have economic and territorial interests in that region. Some reach will be inevitable both in the Middle East and the Indo-Pacific.

The final thing that I would say—we had this conversation at NATO quite a lot—is that, even if you wanted to dismiss the China challenge in its own region, China is very present in Europe, working alongside Russia, and in the Middle East, working alongside the Iranians and others. From a technological, economic and coercion perspective, you have to pay attention to that, even if Russia remains the primary threat.

Q5 **Lord Watts:** Is the UK supporting the Kurdish independent regions enough? These seem to be regimes that are starting to function as we would like the rest of the Middle East to function.

Dr Rachel Ellehuus: From a US policy perspective, that is something that is changing in real time. When Syria was in chaos, there was a need to have reliable partners on the ground. At least for one period in time the United States—I believe the UK was aligned in this view—decided to work with the SDF and other partners on the ground. As Syria gets its act together, I hope, and Turkey and others play a more constructive role in the region, I would expect that we could back away from those partnerships.

The United States and, to my knowledge, the UK have never promised an independent Kurdish state. That having been said, if we want more stability in the Middle East, we are going to have to listen to the views of the Kurds, whether they are in northern Iraq, southern Syria, northern Syria, Turkey or elsewhere. Certainly, some of the reconciliation within Turkey around the PKK will help create just a tiny bit of an opening for more stability in that grouping.

Lord Ricketts: I do not really have anything to add to that. The focus in Syria now is on helping the new regime work to a multi-confessional Syria, where all the different regions and ethnicities can be represented, rather than putting the emphasis, as you did, on the word "independent". I am uncomfortable about that.

Of course, the Kurdish areas also emerged at a time of incredible weakness and division in Iraq. That is also changing. The whole regional context has changed. You would have to ask the British Government what their current policy is, but the situation has changed quite a lot since we saw the Kurdish forces as useful allies in the fight against Assad, for example.

Lord Watts: These are the only parts of the Middle East that seem to be committed to democracy and equality, though. We do not seem to have put that importance in with our dealings with the Kurds. They have been our strong supporters against terrorism in the past as well.

Lord Ricketts: Yes, certainly, but things are moving on. I am not sure either of us is a deep expert in that particular region.

Q6 **Bill Esterson:** Good afternoon. I have a question on Iran before I move on to China. About 20% of the global oil trade goes through the Strait of Hormuz. How concerned should we be about the potential closure?

Lord Ricketts: We need to be concerned about all the potential steps that Iran could take. That is clearly one. Indeed, the Majlis has passed some resolution suggesting that that happens. It is all part of the pressure. It is clearly one potential option that Iran has to respond to what has happened. Of course, it is one that would damage its own cause very considerably. For example, China would immediately be deeply concerned, as would partners across the Gulf, including the Saudi Arabians, with whom Iran now has at least a repaired relationship.

I am not sure how strong the rational factors will be in the minds of decision-makers in Tehran right now. It clearly is a risk. I am sure it would lead to a very rapid response, probably by the US and maybe others as well. It is a fundamental, vital interest for many countries to have freedom of movement through the Strait of Hormuz. It would be bound to trigger off another response and potentially draw in other powers against Iran, which it certainly does not need at this point.

Bill Esterson: I will move on to China, then. You have already been talking about the balance between growth and jobs, and national security. China has been a key and growing part of our trade strategy as a nation. What is the appropriate balance between economic and national security in our dealings with China?

Dr Rachel Ellehuus: I will take that one since you took the lovely question on the Strait of Hormuz. This is always a balance. Every country tries to figure out the right approach to, on the one hand, engaging with and trading with China, and trying almost to create a sense of business as usual, while still being very wary in terms of some of the concerns around human rights, its co-operation with Russia, in particular helping it in the Ukraine war, as well as some of the IP theft and espionage that we have seen over the past decade or so.

If we take some time to stop and define critical infrastructure, as well as critical aspects of our supply chains, and we ring-fence the things that are required to safeguard economic security as well as continuity of operations, there is a way to continue to co-operate economically with China in a responsible way. The work has to be done to think through where it is already present on our systems, where there may be vulnerabilities that we have to rectify, and then to back away from those.

We have already seen people waking up to the fact that a lot of the green technology revolution is reliant on chips and critical minerals that are manufactured mainly by China. What do we do about that? It does not necessarily have to be a problem, if we are aware of it and we are taking

steps to diversify and mitigate some of the dependencies that currently exist.

Bill Esterson: It is not just green tech, though, is it? It is tech generally.

Dr Rachel Ellehuus: No, that was just one example.

Bill Esterson: For example, iPhones and laptops have Chinese tech in them.

Dr Rachel Ellehuus: Yes, and, from a security perspective, ports or railways. The majority of interchangers at Deutsche Bahn in Germany, which would be critical to military mobility across the European continent, have quite a bit of Chinese content and ownership.

Bill Esterson: Are there changes that the Government should make to address some of the concerns about security challenges with technology?

Dr Rachel Ellehuus: In some way, though, I put China and Russia alongside one another and try to compare their behaviour. I do not want to make it sound like I am not concerned about China, but the economic interests there are fairly mutual. China does not really want to be seen as a partner that is not reliable in terms of provision of services and whatnot. It goes to great pains to be seen as a viable economic partner. I am maybe a little less worried about China. With a little bit of oversight and diligence about where the real vulnerabilities are, we could manage that.

Lord Ricketts: Can I add a word? That is a very wise answer. National security policy on China has to be quite subtle and deal with some complexities. With Russia, it is more black and white, and more straightforward. There are areas of our relationship with the Chinese where they are pretty clearly adversaries. They are adversaries when it comes to dominance in the Indo-Pacific region, their human rights behaviours, including in Hong Kong, stealing our IP and trying to suborn and seduce opinion-formers in this country and other countries. There are areas where they are competitors, and we have to recognise that. There are areas where they are potentially, perhaps necessarily, dialogue partners. If you are thinking about public health policy or climate change, you cannot ignore China.

Our policy has to be multifaceted to deal with the different aspects of China where we have different interests at stake. A good policy, well co-ordinated across government, ought to be able to do that. Issues such as supply chain resilience, avoiding the Chinese being dominant in areas of future tech that are important for our national security, are things we need to co-ordinate within the British Government and, crucially, with our allies as well.

Bill Esterson: I have one more question, Chair. The US has its own security objectives around China. How well are the UK Government balancing the US approach with our priorities on China?

Dr Rachel Ellehuus: I will be a bit cheeky and say I really am not sure exactly what the US priorities are in the Indo-Pacific at the moment. Again, that was supposed to be the focus. Honestly, I do not see much deterrence posture in the region. I do not see much reassurance to countries that are supposed to be our partners and allies in the region, such as Japan, South Korea or even Taiwan.

There is a lot of inconsistency in terms of the US policy, so it would be very difficult for the UK to try to align with that. Even on the economic side, it is a bit inconsistent. At once there are tariffs, but, on the other hand, the United States seems happy to create numerous waivers and to continue to do business with China.

Lord Ricketts: In many ways, US policy on China, to the extent you can deduce it, is to have across-the-board confrontation but to make exceptions where it is in the US interest. That is not the British interest, which is probably more closely aligned with other European countries. As I was saying earlier, there are areas where we need to be absolutely firm and vigilant, but there are other areas where economically we cannot afford to and would not want to cut ourselves off from normal commercial relations, and there are some areas where we need to talk to the Chinese.

The interests of the two countries do not map on each other directly, but there will be areas of national security priority where I am sure that the British and American communities do have very similar interests and, no doubt, close co-operation.

Q7 **Baroness Fall:** Lord Ricketts, as far as I can make out, your analysis is that, across sovereignty issues, human rights issues and economic and national security, there is a balance that moves and shifts; it has moved and shifted since your time as National Security Adviser. One of the things you said was that, in order to meet that sort of systemic challenge or threat, whatever we have decided it is, you need to be agile and systemic. Is the system strong enough, agile enough and centrist enough in Whitehall to meet that challenge?

Lord Ricketts: It depends really on clear leadership from Ministers. The balance between our interests in supporting and upholding human rights and the rule of law, our commercial interests and potentially our security interests may not always coincide and we may have to set priorities.

At the margin, the current Government gave higher priority to humanitarian considerations in looking at what is happening in Gaza, in the sense that they took the decision, for example, to suspend part of the UK arms exports to Israel, to make that point. It is not entirely fair because the situation had deteriorated even since the new Government took over. At the margin, this Government have probably given more priority to issues of human rights and respect for the rule of law. Previous Governments had other priorities.

It has to be set by Ministers. Ministers have to be prepared to choose. It comes back to choosing. Sometimes Governments will need to qualify their criticism of human rights violations if they want to secure a trade deal, which may be strongly in the growth and economic interests of the country. We can all think of examples where it has been politic perhaps to put a little less emphasis on human rights concerns. There are trade-offs and choices to be made, as always in politics. The machine will respond to clear ministerial guidance on that.

Baroness Fall: If I may ask one more question, I am fascinated by your analysis that Trump II has not quite made up its mind what its China policy is. When it does, as it has in the past, is it possible or feasible for the UK or even Europe to devise their own policy in relation to China, especially in the area of tech, where it seems you choose one or the other? Is a third way available? With Huawei, the recent emphasis on the Chinese embassy or our response to CFIUS in the national investment procedure, for example, we tend to follow the American way.

Dr Rachel Ellehuus: I often say the United Kingdom is in at once an advantageous position and a uniquely difficult position when it comes to balancing the relationship with the US at this time, particularly around technology and some of the divestments that you are being pressured to make at various periods.

Maybe I am being overly optimistic, but I think you can try to move both continental Europe and the United States in a direction that is more middle ground and pragmatic. That could be about the amount of Chinese content you can have on systems. I really enjoyed how Lord Ricketts talked about adversary, competitor and partner. Particularly in those areas where we are competing, we should be looking to our allies to try to ramp up production, to increase supply chain security and to lock Chinese elements out of our systems together in order to create affordable alternatives to what they have put out there ahead of us.

In other areas, there will be room for partnership. Some of the technological solutions lend themselves to at once taking advantage of American scale on cloud systems, for example, and demanding of American or European providers another degree of security in protecting your data and sovereignty.

That sort of leverage that you are looking for will happen, if the UK can work more closely with European partners to push back a little on some of the US dominance that you referred to. There is a middle way, but you guys are it. You have to push both sides of the channel and the Atlantic.

Q8 **Baroness Tyler of Enfield:** I would like to focus, if I may, on the longer-term context in relation to security threats. In doing so, I am acutely conscious that at the moment it is pretty hard to say what geopolitics is going to look like at the end of the week, let alone in 10 years' time. Can you give your assessment of some of the wider security threats and hazards over the next 10 years?

I am particularly interested in the sorts of issues that tend to get underestimated, the interdependencies between what is happening domestically and foreign policy—I am conscious that we have a very wide range of national security risks in the national risk register—and how all those interdependencies get looked at.

Lord Ricketts: That is a very important and difficult question. As you say, peering ahead more than about a week is pretty hard at the moment. If I may, I will tell you one anecdote because it illustrates the problem. In the 2010 national security strategy, which I referred to, one of our top-tier priorities was the risk of a pandemic. It was there, and we explained it in a little detail. We talked about a flu pandemic, but it was very much the same thing. When the pandemic hit us, we found that there had not been much investment made in the resilience to deal with a large-scale pandemic.

That highlights the problem that in government, inevitably, what gets funded is the immediate short-term crisis. It is the winter crisis in the National Health Service, not investing for resilience against a future possible pandemic or something. That is always going to be the problem.

National security strategies, the *Economist* 10-year review and the American intelligence community's long-range look will all list all kinds of things that may happen and need money to be invested in them, but treasuries are reluctant to invest in things that might happen, but might not. That is the crux of resilience.

Yes, we should peer ahead. The effects of climate change are going to intensify. That is inevitable now. Flood defences, food scarcity, desertification and the pollution of freshwater are all massive things that will potentially need massive investments. Governments are going to struggle to create the political headroom to spend massively on those things.

We need resilience, including resilience of our grids. I wondered quite seriously whether the Russians had blown up that electricity station outside Heathrow. It would have been a remarkable sabotage operation. I am sure everyone was watching. The resilience of our grids, our water system, our gas system, our 5G system and our IT systems is critical and probably will become more critical in years to come.

How do you get Governments to fund those sorts of longer-term threats? I certainly never found the key to that in my time as a civil servant. I hope this current Government can.

Dr Rachel Ellehuus: I will take this in a different direction because I thought that was a very fulsome answer. When I worked for Secretary of Defence Mattis, people would ask him what he thought was the greatest threat to US security. He often talked about internal divisions inside the United States. That seems very prescient, thinking back on that statement made six to eight years ago.

Going back to your questions around growth, skills and the transparency of these strategies, it is so important that people understand why Governments and leaders have painted the picture that they have, but they also need to talk about how individuals and societies are part of stepping up to resolve those challenges. If you do not bring society along, you may turn around and find that you do not have the support for a whole-of-society approach. You might not have the support of the private sector. You might not have the forces in your inventory or your Civil Service that you need in order to deal with these challenges.

That is what I worry about now in the United States. Even if we were to turn around tomorrow, we have some real challenges rebuilding our military and our Civil Service. That is almost a word of warning. Even though this committee is focused on international affairs, we need to pay attention to make sure that we are bringing society along.

Baroness Tyler of Enfield: May I just ask one quick follow-up? Concerns have been expressed recently about the Government showing a lack of priority towards, and funding for, conflict-prevention work and stopping conflicts escalating. Those could be internal conflicts, but they are more likely to be international conflicts. Could that be more closely tied in to a national security strategy?

Lord Ricketts: It certainly should be. I was concerned to see the reduction in the FCDO budget tucked away in the small print of the spending review. The development and conflict prevention budgets in Whitehall—Mark was in government more recently than me—are now essentially pools, where some of the money comes from defence spending and is accounted towards defence and some comes from overseas development aid spending and is counted towards our ODA target, and then different departments compete for the available money. I think the size of the pools was preserved, but it is still not very much in relation to the scale of the risk.

You are quite right: conflict prevention is far cheaper, by orders of magnitude, than a conflict that sucks you in. As I said at the beginning, we need coherence between the hard power spending and the soft power spending.

Q9 **Lord Sarfraz:** I think my question has been answered, but, on horizon scanning, the national risk register, which a lot of work goes into producing, looks like it has been written by the premium version of ChatGPT. It is a good document, but all the obvious stuff is in there. I say that with great respect to the number of former NSAs in this room who have written it before. Is this really the best that we can do on horizon scanning? Dr Ellehuus, to take advantage of you being here, if we had a US-style national risk register in the UK, how different would it look?

Lord Ricketts: The Government do not have any special clue as to the shape of the future that would make their horizon scanning any better than the best available in the think tank world or the private sector. I do not know about ChatGPT; I have not ever dared touch it. I do not think

Chatham House, the *Economist*, the *New York Times* or the US intelligence community in their published horizon-scan have any particular comparative advantage.

My own personal view is that Governments get some slight advantage, I hope, from having all their classified resources in terms of shorter-term developments, perhaps over the next year, or two or three. Beyond that, it is the long-term and deeper tectonic shifts that are going to shape the future. The Government's horizon scanning cannot expect to be more effective than others. What the Government need to do, as I am sure they do, is consume very carefully the excellent output available outside government on these things.

Dr Rachel Ellehuus: Risk registers tend to be quite dry. Even in the United States, it feels like a box-ticking exercise. I am very much impressed by the UK's ability to predict futures through things such as DCDC. You have stood up the Secretary of State's Office for Net Assessment and Challenge, with the acronym SONAC. Those are the types of bodies that you need, where people question their own assumptions, red team those assumptions and then adjust them according to what they have discovered.

Things are changing so quickly that even the ambition of a five-year strategy probably will not hold. I am more of a fan of offices such as DCDC or SONAC, and NATO has one now as well, in order to continue to challenge our assumptions.

Q10 **Sarah Champion:** You have both briefly covered this. I am a steel and manufacturing MP, so I am very concerned about the risks surrounding our industrial gaps from a security point of view. I wonder whether you could highlight any concerns that you have. I know it has only just been published, but does the industrial strategy that came out a few hours ago give you any reassurance that we are aware of these industrial gaps from a defence point of view?

Dr Rachel Ellehuus: There is an awareness. I say that because, when President Trump kept the steel and aluminium tariffs in place, it was one of the areas where Prime Minister Starmer tried to get some relief, unsuccessfully. Well, it is still to be determined. There was an agreement; now it seems to be off the table again. That reflects an awareness of how closely tied together our defence industries are and the role of steel and aluminium therein.

It is there, but, again, it is one of these industrial areas where you have to balance the ability to have security of supply and your own production with the economic arguments in favour of that. Neither of our nations envisions going back to the steel and manufacturing of the 1960s or the 1970s, but certainly, when we look at critical inputs to defence equipment, we should be able to ring-fence a certain percentage of that to ensure security of supply. That is not full government control, but I understand why the UK Government are very focused on this as an input to delivering defence.

Sarah Champion: Is it just steel that you see as our weakness?

Dr Rachel Ellehuus: I do not know as much about the UK defence market and the inputs, but that is probably one of the main products, as well as chips, maybe, for some of the more high-end technological products.

Q11 **Lord Robathan:** Sticking with funding, the latest NATO defence spending target is apparently 3.5%, which is rather more than the 2.7% we were promised next year by the Government, plus 1.5% of defence-related expenditure. Apparently, this might be interpreted broadly by the Government to encompass elements such as rural broadband investment.

I particularly raise this with you, Peter, because you played a major part—and I played a very small part—in the defence review of 2010. We reduced it from approximately 3% to 2% or something like that.

Lord Ricketts: I cannot remember—whatever it was.

Lord Robathan: Included in that 2%, much to people's surprise, was the nuclear deterrent, which had previously been done centrally rather than in defence, and very important things such as Armed Forces pensions, of which I am in receipt of one.

What we need to look at is how we can make sure all expenditure goes in the right direction. Would you like to say anything about expenditure at the moment?

Lord Ricketts: I certainly would. Mr Chairman, I do not want to be discourteous, but I really ought to leave in about 15 minutes, if that is okay. I am sorry.

The Chair: Yes, of course. We will press on.

Lord Ricketts: I do not recall how we organised that in 2010. This NATO target of 3.5% plus 1.5%, which apparently NATO leaders are going to sign up to tomorrow, is going to be a challenge for all, including the British Government, given the trajectory that the Prime Minister has so far set out. We will need to see exactly what the words are around that. I, for one, think it is the right trajectory to be on.

Dr Ellehuus has already referred to the risk of a gap between European forces, including British, building up and American forces building down over the next five to 10 years. That is absolutely right.

The Secretary-General is trying to draw attention to the fact that whole-of-society defence is not just about the Ministry of Defence budget. The 1.5% should be about things that are critical to moving forces around, intelligence and cyber-resilience. Of course, that is a basket into which member states can put quite a lot of spending, which may help them as well. The hardcore 3.5% is going to be very tough.

There are NATO rules, and Dr Ellehuus will know better than I do what you can count towards NATO target defence spending. The British

Government and many others are going to have to make a major effort if their leaders are going to sign up to that in 24 hours' time.

Dr Rachel Ellehuus: In the interests of time, we can move on, but we have to keep an eye on the 3.5%. One of the reasons why some of the more capable NATO allies were hesitant to agree to it is exactly that. They thought the treasuries would look at the target and say, "I would be more than happy to meet that target if I can include things"—

Lord Robathan: You have already mentioned the 155 mm shells, which are now out of all the bunkers. They have all gone to Ukraine.

Dr Rachel Ellehuus: Yes. Fortunately, we have purchased supply chains and production lines. The United States moved one from Turkey to Texas, which shows you the scale and extent of the problem.

Even if the war ends tomorrow, given the extent of our own problems with readiness and what we have given away, 3.5% is going to be the minimum that is required. SACEUR said it is 3.7% in order to implement the NATO plans with a reasonable degree of risk.

Q12 **Sir Julian Lewis:** These are the last questions in this section, so you are okay for time. I am going to combine them anyway. Of the colloquially recognised three original reasons for NATO's existence, two of them still apply, at least. Lord Ricketts, you have said that the first one is to keep the Russians out. The second one, of course, is to keep the Americans in. I would like to focus my question on how we best do that and what changes will have to be made to NATO priorities if the Americans do not stay involved as much as we would like them to.

From the UK's point of view, we are emphasising a NATO-first approach to our own defence, but what should we be thinking about if we have to take on a greater element of the burden? Is there something to be said, in terms of keeping the Americans involved, for showing them that we are prepared to use our aircraft carriers in support of their interests elsewhere? Would that make them more prepared to keep supporting our interests in Europe? How do you both think that the changing US-UK relationship could affect the security assumptions and priorities that we have to have here in the United Kingdom?

Lord Ricketts: My first answer to the question of how we keep the Americans in is to show them that the Europeans, including Britain, are now taking their defence responsibilities seriously. With hindsight, the period since 1989 will look like a very odd period, when the Americans were paying far more for security in Europe than the Europeans were paying. That clearly cannot go on. That has been one of the big messages. To President Trump's credit, he made that very clear in his first term. Biden continued that, and now in the second term it is even clearer. Explaining to our public that it is now time for Europe, including Britain, to take on more responsibilities is the central thing.

Dr Ellehuus is far more expert than I am on the NATO side. In particular, that means Britain showing that it can meet its commitments already

made to NATO, which are pretty challenging for the British Armed Forces at the moment. If SACEUR called up the requirements that are there on the UK, can the UK meet them, or does the UK actually have a hollowed out Armed Forces that could not meet its NATO obligations?

I am sure there are many other things that the Europeans, including Britain, will need to do. Air defence systems is one that is very much under discussion at the moment. There needs to be more supply chain resilience in terms of missiles and munitions. That seems to me to be the key. If we can convince the Americans that the Europeans are serious about taking their share of the burden on European security, we have a better bet of keeping a serious American involvement, even if it is nothing like what it has been in the last 30 or 40 years.

Dr Rachel Ellehuus: I fully agree. When Europeans step up, they will have more agency and they will be a better partner to the United States. That will command the respect and the recognition that we have mutual interests and mutual interdependence.

The UK has consistently shown that it is willing to take on a leadership role in the alliance and outside the alliance. In those early days when the new US Administration signalled that they did not want to take a leadership role in Ukraine, Keir Starmer was out there leading the Ukraine defence contact group, together with Secretary of State for Defence Healey. All of that is exactly the type of leadership and agency that we really needed to see demonstrated by European countries.

There are some real shortfalls in capabilities. According to the NATO plans, 40% of the combat power comes from the United States, so we have to take a very careful look at the forces. We have to think about how we can fight. The answer might be that we cannot have the same type of reliance on mass or heavy forces that we currently do in the NATO plans.

Lord Ricketts already mentioned some of those critical enabling capabilities like ground-based air defence and suppression of enemy air defences, which we saw on display in recent days. If the UK really adopts the NATO defence planning process and those NATO defence planning targets as a force driver for UK defence, you will see results very quickly, paired with the investment in transformation and innovation. The Americans will take notice.

Sir Julian Lewis: Very briefly, is there any mileage in hoping that, by us using our assets to assist the Americans in other theatres, that would encourage them as well to see the alliance as a whole on a more global basis?

Dr Rachel Ellehuus: My honest answer is that I do not think so. They are going to do what they want to do in the Indo-Pacific, regardless. If allies and partners think they have parallel or joint interests in the region, they will be happy to have you along, as has been seen with the carrier

deployment, but there is not an expectation. Frankly, it would be more helpful to focus on stepping up on security in and around Europe.

Lord Ricketts: In a way, it is the other way around. One thing the Europeans can offer the Americans is that, if they get into a serious crisis in the Indo-Pacific, Europeans, including the UK, can backfill for assets that the US now has in Europe that it might need to take to the Indo-Pacific. That is how I would see the major contribution that could be made in the give and take.

The Chair: That ends our first panel session. Dr Ellehuus and Lord Ricketts, thank you so much for your extended time this afternoon and for helping to inform us on this. We will see what comes with the publication of the report in the coming days.

Examination of witnesses

Grace Cassy and Professor Michael Clarke.

Q13 **The Chair:** Welcome to our second panel on the upcoming national security strategy. Can I just start by asking our witnesses to introduce themselves?

Grace Cassy: Good afternoon. I began my career as a Foreign Office official back in the late 1990s for 10 years, including three years as foreign policy private secretary in Downing Street. Since 2008 I have been an early stage investor in emerging technologies, and I was recently appointed to the strategic defence review as one of the external review team.

Professor Michael Clarke: Most of my career has been as an academic. I was professor of defence studies at King's College for 17 years. I then became the director-general of RUSI, the Royal United Services Institute, until 2015. Since then, I have been a visiting professor at King's, a distinguished fellow at RUSI, and a fellow of the Royal College of Defence Studies. I now tend to specialise in geopolitical issues.

The Chair: Can I just start us off very briefly with your views on the UK landscape? Which sectors do you think are doing well in terms of addressing resilience? It is a term that we hear a lot, but some are performing better in certain areas than others.

Grace Cassy: I would start with financial services, which has long-standing cross-sector collaboration fora that have been very successful, including sharing cyber threat intelligence and so forth. It has been very effective as a sector in building collective resilience and sharing experience on, for example, cyberattacks made on one member of the sector that others can learn from and adapt to. It probably sets the bar in terms of parts of the private sector that have been successful in resilience. Some of the energy sector has been effective, too, but it might be said that there is a long way to go with other sectors in perhaps following the example of some of those better-developed groupings.

Professor Michael Clarke: We defined 13 sectors in critical national infrastructure and then added a couple to them. If you look across that list of 13 or 15 sectors, eight or nine of them were effectively in private hands. They were not things over which the Government had direct control. There are only two or three sectors where the Government have direct control or even heavy influence in. Resilience is really a matter of persuasion and good practice as much as direct government policy.

On the areas that seem to come out least impressively or most worryingly, I go along exactly with what Grace said about the strength of the financial sector and the cyber sector. There is a lot more to be done in the energy sector, because of the structure of the industry. There is a great deal to be done in the retail sector in terms of keeping direct supplies going well. The retail sector is very good at adjusting to crises and adjusting to potential shortages. Retailers price it and get it right but,

in the face of a really determined disruption of the sort that some of our big retailers have found recently, there are some worrying signs that ought to be addressed.

The two other big areas that are worrying, which are ones the Government added to the original 13 critical national infrastructure sectors, are media and public communication, because it is clear that public communication is a vital infrastructural lifeblood if the public are to be reassured, not to panic, and to react in a way that builds resilience. Our public communication is potentially very vulnerable, in all the ways that we know, in terms of the way social media operates. So is our media, which finds it is struggling all the time to tell an authoritative story. That is something that is getting worse.

In those respects, there are some worrying areas that ought to be addressed if we think about resilience as a whole, given that it is not just government, but the whole of society.

The Chair: To change the subject slightly, in the SDR there was a proposal for a new counter-intelligence unit. Professor Clarke, why do we need such a unit in the MoD when we already have specialist services elsewhere?

Professor Michael Clarke: It is because the nature of intelligence is not as centralised as it was. We know that the Russian intelligence services, our great adversary, work incredibly well with their own private sector. They do not initiate ransomware attacks, but they create the environment in which they encourage them and certainly do not object to them. Given the expertise of our intelligence services, it is very important they do not become so diluted in the work that they normally have to do, with the mainstream issues that they have, that they get overwhelmed.

A counter-intelligence capability seems to me quite an important part of that issue in public communications that I mentioned a moment ago: of finding an authoritative way of understanding particular narratives that can get hold of our society—or part of our society—and doing something about them before they become very influential.

Q14 **Lord Sedwill:** Could we go back to the broader question of resilience that you both just touched on? We understand that this will be one of the prominent themes in the national security strategy. That is a relatively new thing; previous strategies have not addressed that in quite the same detail. You have both touched on sectors and those areas that are stronger. Can I ask you to develop the thought about wider society, the public and other institutions, because it is not just about critical national infrastructure, is it?

Grace Cassy: Yes, we made a clear argument in the SDR that, to realise the vision, we would need a whole-of-society effort. As you say, that encompasses far more than government critically embracing industry and how we think about our private sector being resilient, either in an above- or below-threshold scenario. Civil society is also critical to that.

We were keen to encourage a refreshed relationship between defence and wider society. We have talked specifically about the cadet forces as a particular means to achieve that. We also talk about changing the curriculum and helping to educate within schools about the role of defence and to re-familiarise wider society with that role. Frankly, some distance has opened up over recent decades between the average citizen and an understanding of what defence is and does for the country. I absolutely agree that that far wider conception of societal resilience is important.

There needs to be a better understanding of subthreshold or grey zone—people call it different things—cybersecurity and CNI-type attacks, which we are already facing and are not terribly well understood by the general public. There are some good reasons for that. It is generally not easy or necessarily advisable to talk too much about these kinds of attacks publicly, but the result is that those threats sometimes do not feel proximate to the average citizen. That can lead to a gap in understanding as to why it is important for the rest of industry and for society to feel a greater sense of urgency here.

My hope is that some of the things that we have recommended in the SDR will be taken up in the national security strategy and underlined as important, in a holistic sense, across some of the other strategies that it will be co-ordinating.

Lord Sedwill: Professor Clarke, I will ask you to add to anything that Ms Cassy has just said, but can I also ask you to pick out which other countries do this really well? During the pandemic we saw both the good and the bad: people were rallying around tremendously to help with the vaccine programmes and look after vulnerable people, but we also saw punch-ups in supermarkets when there was a shortage of loo roll. Which other countries do this well and have that resilience embedded in their society?

Professor Michael Clarke: We always go to the Finnish model on this issue. Finland is a small country that can mobilise an army three times the size of ours and has no problem in creating a public consensus, but that is partly because of where it is in the world and what its history is. It is the same in the Baltic states. In general, with the Scandinavian and north European states, we can learn a great deal about the long-term requirements of building a public consensus. We do not have the same history; thankfully, we have not lost major wars to really make us concentrate on it, but we have to learn from them. Sweden and Finland have some very good things to offer. In many respects, Sweden is a bit more like us than Finland. I would go with that.

I also just add to what Grace said. The SDR says quite a lot about public engagement, education and so on. We have to be very careful. This is something I pointed out at the time. The SDR does not call for it to be part of the curriculum, because I thought, "That will just open a can of worms. Everybody would like to be on the curriculum". Nevertheless, the links to education are very important.

There are three things in the SDR that are still to be tested—the third is the most important. The first, which we do not know about, is whether the finance will be adequate. We have talked about that. The second is whether it is implementable. It is a very ambitious, imaginative document, and we all talk about that.

The third thing, which we do not talk about but goes directly to this, is whether the public buy it. We all buy it because some of us were involved in talking about it and we are part of the insider/outsider policy community. By and large, the policy community buys it. The public have no problem understanding how dangerous the world is, but do they buy the implications of the sacrifices that might be required?

That is the big unanswered question. Will the SDR and the NSS, when we see it, really be accepted by the public as a blueprint and a design for a more secure future? Will they make the sacrifices and the psychological adjustment necessary?

Q15 **Lord Sarfraz:** Ms Cassy, are we thinking enough about AI and doing enough in AI and other tech—quantum, et cetera—as it relates to national security?

Grace Cassy: A number of recent government strategies and announcements have recognised the importance of both AI and quantum as well as a number of other technology areas. The AI opportunity plan was published a couple of months ago. It is a very good piece of work, which stresses the importance of improving our sovereign abilities in AI and expanding our compute capacity. The report reflected that we were, to your question, not doing enough in that area, but I think that we are now on a path to be in a better place on that.

On quantum, there is an interesting question as to whether we are trying to be truly sovereign in quantum. By that, I mean: does the UK has a quantum computing champion company that can produce a full-stack quantum computing solution that is globally competitive? Or are we saying that we should have access to machines like that when they become available for general use via partnerships with allies or commercial arrangements with private companies?

From my—admittedly brief—reading of the industrial strategy, which obviously was only published today, it is not completely clear to me that there is a clear line drawn between which of those paths we are following. Are we saying that we must have our own sovereign quantum computing design and build capability, or are we really saying that it is something we need to get access to?

As far as AI is concerned, we are saying the latter, if not explicitly, then by our actions, because we are already somewhat behind the pace in terms of where the real breakthroughs are being made in large-scale AI. As I am sure you all know, that is being led in the US, and perhaps in one or two other countries that may be slightly ahead of us. We are trying to create a situation where we can build up aspects of the AI value chain,

but I do not think we are saying that we need to be building the globally leading, general-purpose large language model.

Lord Sarfraz: In terms of hardware and technologies such as Android, do we need domestic versions of those?

Grace Cassy: We do in some areas. I do not think we can or should try to have globally leading hardware solutions in every aspect of technology that is relevant to national security; it would be unrealistic for us to aspire to that. However, we have great strengths in some areas that we should double down on. We have areas of quantum technologies where we are strong and areas in the AI value chain where we are strong. In autonomy and some of the hardware solutions around autonomous vehicles—particularly in the maritime space, actually—we have some very strong companies that we should absolutely be doubling down on. Ultimately, we cannot win in everything, so we need to make ourselves indispensable to our allies in a subset of technologies and hardware.

Q16 **Lord Watts:** Do you think that we are working with our European partners as much as we could do to address some of those issues? You were saying that most of the work is done in the USA. Why do we not work together in Europe to start putting this together? Is that credible?

Grace Cassy: There is certainly more we could be doing with our European partners. The quantum industry itself has made that argument: there is no one country that will be able to build and capture the value of the whole range of quantum technologies, so we need to work in partnership with others. There are some fantastic companies and research institutes around Europe.

In the particular case of quantum and other technology subsectors, I would certainly advocate for us working more closely with European partners on that. To achieve the kind of mass that is necessary in some of these areas, it would be unrealistic to think we could do it alone. There are other partners we should continue to work very closely with, most particularly the US, which obviously leads globally in a number of these areas. In my opinion, we need to develop a broader set of such partnerships, rather than just focusing on one partner.

Professor Michael Clarke: In defence terms, AI is regarded in the SDR as absolutely critical to the defence transformation that it is looking towards. As I interpreted it, the general thinking behind it is that it would not be sensible for us to try to be the first mover on every aspect of AI, but we must employ it across the board in all sorts of areas of national security. It is absolutely critical in defence. I have not come across any other SDR that was as hard on that issue as this particular one. In most of our views, it was right to do so.

Q17 **Baroness Fall:** I will continue this conversation in terms of technology but, for the moment, I come away from AI to more commonly used tech. Do you think that we are resilient enough in terms of data? In a sense, that is the one area that is properly decoupled, especially from China.

Also, in terms of raw materials, do we have resilient supply chains? Is that drawn out, or do you expect that will be drawn out when we finally see the new security strategy?

Grace Cassy: I certainly hope it will be drawn out in more detail in the NSS. It is a vitally important part of this debate. It is becoming more and more difficult to predict what warfare will look like in the future. At the same time, technology is changing at a rate that we have not previously seen. In that context, resilient supply chains and, in particular, resilient access to the components for whatever form factor of hardware we might need to build in the future are becoming even more important than having the ability, say, to manufacture a particular type of drone.

Let us say that we set up a factory here next week to manufacture a particular type of drone that has proven useful in Ukraine. We do not know whether that particular form factor of drone will still be effective in three weeks, three months or three years, but we are likely to know that some key components in that drone will remain important and can be put together in different ways, or applied with new forms of AI to have effect. It is critical that the national security strategy thinks in terms of ensuring that we have access to full supply chains of the components, electronics and so on that enable us, in an agile fashion, to build what we need to build when we know what the adversary looks like and what the fight looks like.

On data, we are probably not where we need to be in terms of keeping our data truly cybersecure and resilient. We are at the high end, where you are talking about the agencies and the data that they are custodians of—that remains very strong; it is strongly protected. However, we have an awful lot of other data, be it public or private, that is insufficiently protected today. Some of that requires public investment to fix. In the SDR, we talk about assuring our data flows. That is really a way of saying that we need to make sure that those datasets and data flows, including from our allies, are resilient and protected.

To the point about resilience and CNI being in private hands, many of these datasets are in private hands. This really calls for the kind of partnership that we in the SDR and other strategies have called for. The industrial strategy calls for it, albeit around a different kind of partnership between the private sector and the public sector, in ensuring that customer datasets, customer usage patterns, medical datasets and so on are protected better, frankly, and can be exploited for benefit, but in a way that maintains privacy and security.

Professor Michael Clarke: We would all hope that, when we see the national security strategy, it has a very strong commitment to data security, because that is fundamental to the adaptive supply chain resilience that Grace was talking about. If we are to be adaptive, so that we can keep our supply chains open and are able to adjust them as necessary as world politics changes, the key to that is having really good access and good security for our own data. In that respect, we should try

to be first mover on data security across the board as far as we can. I hope the national security strategy has a strong section on that.

Baroness Fall: Would you say that this relies on a more robust, or perhaps a more functional, relationship with the private sector? Equally, the private sector has supply chain issues it has to deal with. Would you say that our present alliances need to be relooked at in terms of supply chains? Should this be a G7 supply chain or a D12 supply chain? Do we need to look at our supply chains in terms of foreign policy?

Professor Michael Clarke: My sense is that we should try to be a group leader on supply chain adaptivity. We built our prosperity of the 1990s—absent the political issues of the time, the Thatcherite revolution and so on—on just-in-time manufacturing and efficient supply chain management. We are not in that same situation now, but we ought to have learned how to do it.

Among our allies, I do not think we could realistically establish a G7 consortium to do it, but we could be the best and the guideline country, showing the others how to do it, and therefore collaborating and co-operating much more efficiently. We have to do it ourselves first, which means a much closer partnership between government and private industry in all these respects. We all talk about it, but it is very hard to do, because private industry has to worry about its shareholders and different time horizons. We should not give up the effort. We should really make a big effort at that partnership.

Q18 **Liam Byrne:** Professor Clarke, can I just zero in on China? As has been discussed, about 85% of our critical national infrastructure today is in private hands. We have a lot of public risk in the private sector. We are going to need about £40 billion per year in the clean energy part of that infrastructure over the next few years. Lots of that money might come in from China. Do you think we are now at risk of a repeat of Huawei, where we welcome Chinese investment in technology and infrastructure that we need, but just end up ripping it out once our risk assessment changes?

Professor Michael Clarke: I absolutely agree; we have to derisk it. On the Huawei issue, in one respect I am quite sympathetic to BT on this. BT began the Huawei discussions that led to the 4G problem in 2006, when China seemed like a pretty good partner. It had come into the World Trade Organization in 2001. It was not until 2012, with Xi Jinping, that China really began to change its attitude. I do not blame companies for taking a more optimistic view in the years that they did, but we were then slow to wake up to what could have happened.

The critical issue for me was in 2017, with the Chinese national security law. Article 7 says that any individual, company or organisation in China is obligated to work with Chinese security forces if required to do so. They have no choice about it. To me, that is a killer fact that we have to live with. The issue now is how to derisk. It is not that we would not take those levels of investment, but we have to be very careful where we put them. We must not be pushed around or bullied by the Chinese. They

want to invest. We have to be prepared to lose some investment in order to establish the fact that we are realistic, hard-headed recipients of that foreign investment.

The message is getting through. Because of China's draconian policies and its long-understood ability to conduct tremendous industrial espionage and to behave in a malicious way in many of the countries it invests in, the message is beginning to get through, not just to Chinese leaders, but to Chinese entrepreneurs, such as they are, that they must play not only by their own rules and by other rules. We will have to be quite tough about it and accept that some investment will not work out, as was the case in the steel industry.

Liam Byrne: We do not know what the China audit is going to say. We do not know how it is going to show up in the national security strategy. What would you like the new guidelines, or parameters, for judging Chinese investment to look like? What would be some of the watchwords that you would give advisers and Ministers when making these judgments?

Professor Michael Clarke: It is a very good question. We need a more sophisticated machinery to look at it, rather than just somebody raising a red flag and Whitehall then looking at it. We need to look at it further up stream before investment is fully proposed.

We then need to think in terms of worst-case scenarios. If we were in a militarised crisis with China—I do not mean a war, but a militarised crisis in some part of the world where there was a military standoff and a threat of it getting worse—what might Chinese investment do under the pressure of the national security law of 2017? What might happen that would create real problems for our supply chains, put pressure on our politicians or create problems for the public that would change the public mood?

A worst-case analysis would be sensible. That is what happened in the Huawei case, but that was a very specific case. It was very obvious, because it was telecommunications and 4G, which at the time was going to affect absolutely everything.

Liam Byrne: If we apply that Clarke test to the potential scope of inbound Chinese investment over the next few years, are there particular kinds of investment that you can already foresee would just be off limits?

Professor Michael Clarke: I am not sure; I would just be guessing, but I would certainly say investments in most communications technologies, which are fundamental to the concept of national resilience. I would not be so worried about investments in the retail sector, property or things like that, but energy and communications for sure. I would go along with that, but I must say that I am just thinking off the top of my head. I have not done any real investigation on that.

Q19 **Baroness Tyler of Enfield:** What conclusions do you think we can draw

from China's absence from the enhanced tier of the foreign influence registration scheme, which is very much focused on foreign Governments trying to influence our activities?

Professor Michael Clarke: It does not sound like a good idea to me. The implications one draws from it are almost just instinctively negative. Why would we exclude China on an issue that we know we worry about? What pressure or persuasion has China brought to bear to have that happen? I do not know.

Baroness Tyler of Enfield: You have no idea what the thinking behind it is.

Professor Michael Clarke: I have no sense of what the thinking behind it is.

Grace Cassy: May I offer a thought on the China point that you have both raised? The Government talk a lot about capital in the question of the China issue, and how to replace Chinese capital in these investments. That is an important question, but we should perhaps pay extra attention to the alternatives that we need to build if we are to have resilient alternatives to Chinese money, equipment and technology. That requires us to think very carefully about how we build different kinds of companies here and among our allies, such that they grow to the level where they make good investments in and of themselves.

One reason why China has been so effective is that it has been an extremely efficient producer of a range of technologies. We need to ask ourselves the question, "How do we ensure that our next generation of companies can perform and compete with China or others that may be adversarial towards us at times?" The capital argument is important and requires our focus, but it is not the only vector through which we should look at this question.

Baroness Tyler of Enfield: In one sentence, is it really realistic for the Government to be riding the two horses between exploiting to the maximum the economic growth activities and being absolutely realistic and aware about the myriad risks that China poses to us?

Professor Michael Clarke: It is possible, because that is a sensible policy. Nobody wants to freeze China out of economic involvement because it is such a big part of the 21st century, but it has to be done realistically. It is not impossible to ride those two horses, but they have to be ridden very carefully.

China is famous for bringing tremendous pressure to bear, and for threatening and retaliating. China always retaliates if it feels it is being slighted. Look at what happened in Australia: Australian criticisms of the plight of the Uyghur people in Xinjiang resulted in China taking a series of economic measures. It effectively organised a national boycott of Australian goods in China for quite some time. It is capable of retaliating in very specific ways, and we must be prepared to stand up to that.

There will be some losses to take if we are to establish a reputation in Beijing as consistent, clear-eyed investors and recipients of investment.

Q20 **The Chair:** I just want to talk about international relationships. With the situation in Ukraine and what has happened across the water, nations are increasingly looking in different directions and looking for stronger partnerships. What do you think the NSS should present in terms of future relationships between the UK and its partners? What are your thoughts on the Indo-Pacific tilt? Is that now over? Finally, what do you think should be our relationship with the US?

Grace Cassy: There are very interesting relationships that we should be developing from our Ukraine experience. Ukraine itself has clearly had to develop an industrial strategy under duress, if you like. There is a lot that we can learn from what it has achieved and how it has built incredibly innovative partnerships between its government, military and private sector. There are some very important lessons that we can continue to learn from Ukraine on that, as well as allies in the region and in the Baltic.

To the earlier question around Europe, more generally there is more we could be doing with the European Union in this area. The US, despite the heat and light that surrounds this issue at the moment, is still a hugely important partner for us in terms of technological future development of shared capability. It would be naive for us to think that that was not the case. We need to find a way to maintain and build those relationships, alongside these other interesting partnerships that I have mentioned.

Professor Michael Clarke: Yes, I would absolutely go along with that. We are facing an environment of really intense multipolarity. We talk about our adversaries as China, Russia, North Korea and Iran. That quartet is mentioned in many documents. That is not going to hold for all that long, because some of those adversaries may change. We cannot guarantee in the next 20 to 30 years that they would still be the four adversaries. Others may join them. One or two of them might leave that list, or just become less relevant. There is intense multipolarity, which is as much a problem for Beijing and Moscow as it is for us.

The world is extraordinarily fractured, and that will almost certainly continue. That means that the geography of threat will become much wider, so that any threat that we might experience in the North Atlantic could have part of its origins in the Gulf, east Asia or the Indo-Pacific. The geography of the threat becomes much wider, particularly when we talk about cyber threats and threats of a more hybrid nature. That will be much more challenging.

In these very bleak estimates, we must of course hold on to our relationship with the United States and hold on to the centrality of NATO. Both our relationship with the US and the centrality of NATO are changing fast and, though we must hold on to them, we must not expect that they will give us the degree of reassurance that they have in the past. Five

Eyes is also very important, but that too is less compelling than it was, because of the changes that we are living through.

As we said in the integrated review in 2021, we need a reputation as a reliable partner. "Reliable" is a really important word in world politics at the moment. We need to be a reliable and consistent partner who, with all of our limitations of capacity, nevertheless represents a sensible line of thinking on world politics and dealing with difficult situations overseas.

In my view, we also have to concentrate on our neighbourhood, which is the North Atlantic. I think NATO is going to split, in effect, into a northern group of nations and a group of Mediterranean and south-east European nations, and their agendas will be different. Our North Atlantic homeland will be protected by a northern group of NATO nations, which is forming now, in effect. We will see how that comes through this week in the background to the summit.

As far as the Indo-Pacific goes, of course it is in our interests, but our resources are so limited that we have to concentrate on our own neighbourhood. We must be prepared to be agile and proactive if necessary in the Indo-Pacific, as and where it makes some sort of sense. I do not go along with the American idea where they say, "We would rather the Brits didn't send carrier battle groups on a world tour through the Strait of Taiwan. You should stick to the North Atlantic". I understand that argument, but I do not think it is a particularly sensible one. If we need to concentrate on the North Atlantic, we certainly should gear ourselves to do that, but if we can also show that we address wider issues, as a consistent, constructive nation, as and when we can, we should do that too.

The Chair: That has absolutely fascinating. I would like to have continued this conversation and discussion, but unfortunately time is absolutely against us. I really do thank you for being patient and staying as late as you have for this final session. That concludes our second panel and today's evidence session. I thank you both, Professor Michael Clarke and Grace Cassy, for your time today and for the evidence and information that you have provided us for this session. All that remains is for me to say thank you again and thank you to Members for their patience and for ensuring the quoracy of this session.