HOUSE OF COMMONS

Committees on Arms Export Controls

Oral evidence: Arms export controls: initial review, HC 965

Tuesday 2 February 2021

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Watch the meeting

Members present: Mark Garnier (Chair); Neil Coyle; Martin Docherty-Hughes; Mr Tobias Ellwood; Mrs Emma Lewell-Buck; Mark Menzies; Lloyd Russell-Moyle; Martin Vickers; Claudia Webbe.

Sarah Champion also attended, pursuant to Standing Order No. 137A(1)(e)

Questions 180-217

Witnesses

I: Professor Anna Stavrianakis, Professor of International Relations, University of Sussex, and Dr Ian J. Stewart, Executive Director, Washington DC Office, James Martin Center for Nonproliferation Studies.

Examination of witnesses

Witnesses: Professor Anna Stavrianakis and Dr Ian J. Stewart.

Q180 **Chair:** Good morning and welcome, everyone, to the fourth session of a series of additional evidence sessions of the Committees on Arms Export Controls. Today we are exploring developments and challenges in arms export controls with academic experts. We hope to cover topics including the Strategic Export Controls Annual Report 2019; the impact of the merger of the Foreign and Commonwealth Office and the Department for International Development on arms exports controls; the work undertaken by the Department for International Trade and the Export Control Joint Unit as a result of the Court of Appeal judgment in June 2019; and, of course, the consequences of Brexit for arms controls, including potential deviation from the existing EU-based consolidated criteria rules and the implications for the Northern Ireland protocol. We will be having more evidence sessions coming up with NGOs, academics and commentators. Of course, at the end of this we will be talking to Ministers. First, may I ask our witnesses to introduce themselves briefly?

Professor Stavrianakis: Good morning, my name is Anna Stavrianakis. I am a professor of international relations at the University of Sussex.

Chair: Thank you. Before you introduce yourself, Ian, may I say how incredibly grateful we are that you have got yourself out of bed at 5 o'clock in the morning to speak to us? It is a boon of technology that we can have international witnesses, and we are incredibly grateful to you for your personal effort to be with us.

Dr Stewart: Glad to be with you. My name is Ian Stewart. I am now the executive director of the James Martin Center for Nonproliferation Studies in Washington DC. The last time I served as a witness for this Committee, I ran a research programme at King's College London based on export controls and capacity building, and I was going around the world training Governments on how to implement export controls. I should also say that 11 years ago and before, I was at the UK Ministry of Defence, including as a licensing adviser as part of the licensing process.

Q181 **Chair:** Thank you very much indeed, Ian. Anna, perhaps I can start with you. The Government's most recent report covers 2019. Aside from the fact that it was a few months late, what is your general reaction to the report and do you think it identifies any improvements or new challenges in 2019 and subsequently in 2020?

Professor Stavrianakis: Overall, I think the annual report allows observers to see some very general patterns, but it does not allow for a granular understanding of what exactly happened during the year. Actually, a lot of the data that is in there simply begs more questions. Overall, I would say that the annual report, which is explained to us as a transparency mechanism, actually does not really allow for meaningful transparency in the sense of allowing independent observers to understand what happened, and therefore allowing Parliament to hold Government to account by scrutinising exactly what it did.

I say that in the sense that I don't see transparency as an open and shut case. There is no simple divide between something being secret or public. There is a spectrum in which information is malleable for political and presentational purposes, and I think that is absolutely what is happening with this, and in many and any reporting systems in which the Government is giving almost a simulation or performance of transparency in order to be able to say that it is being transparent, but without actually giving meaningful information to allow Parliament to do its job. I have a couple of examples, if I may.

Chair: That would be helpful, please.

Professor Stavrianakis: Page 17 of the annual report talks about the locking of OGELs in response to the Court of Appeal decision and the creation of mirror OGELs on to which new companies were not allowed to register. That example was given and explicitly framed as meeting the commitment to the Court of Appeal ruling that no new licences be granted. However, what you don't really get from the description in the annual

report is that the locked OGELs remained open to those companies that were already registered on them, and they were able to keep delivering weapons and other military equipment to the Saudi-led coalition that they were already licensed for.

You might say that that is in keeping with the letter of the Court of Appeal ruling, which only required the suspension of new licences, but I would say that it goes against the spirit of the Court of Appeal ruling, which was very clear that all UK arms exports to the Saudi-led coalition for use in the war in Yemen are unlawful. That is the sort of example where unless you know that background—I did quite a lot of digging around that one particular example—the information that is in the annual report kind of looks much better than it is and more progressive than it is.

There are also other enticing tidbits. There is the detail that in 2019, 2,323 Tornado spares were sold to Saudi Arabia, which is a fourfold increase on the year before. Again, that begs more questions. To my mind, the obvious answer is that because the UK is retiring and phasing out its own Tornados, the RAF may have a lot of spares to be selling to the Saudis. Is 2,323 spares a lot? Well, I don't know; it depends what they are. They might be very significant parts; they might be inconsequential parts.

I think it matters for a couple of reasons. One, if these are the direct transfers of RAF-owned materiel to a military, around which there is yet another legal case around the lawfulness of the campaign, this is not just a question of whether the Government is licensing companies in line with law but whether the Government's own practice is in line with the law. If I was advising members of the CAEC, it would be very interesting to know why those spares were being sold from RAF stocks rather than licensed from companies. If I had to take a punt at it, I would wonder whether it was the case that, actually, industry could not supply them fast enough, so they were then having to look to domestic stocks to be able to fulfil the contract and the Saudis' needs.

Those are just a couple of examples which I have learnt from the information in the annual report, but without more detail and context it is impossible to know what they mean. I can make an educated guess as an expert in this area, but the Government may well have alternative answers. Without putting that information in the annual report, it is very hard to know.

Q182 **Chair:** If I might push back a little on that, I suppose there are two points. The first is with regard to the outcome of the judicial review and the ruling. Is it to a certain extent the case that the exporting companies—those businesses that are doing the exporting—will naturally look to the letter of the law, rather than the spirit of the law, in order to prove their case, and therefore the Government is in a slightly invidious position on this? That is my first question—if you like, in defence of the Government. But when you answer it, I would be very interested to know whether you think, given what you have said, that the Government is gaming the system, if you like, in order to try to appear to be transparent, while actually doing everything it can to avoid being

transparent, which I suppose is the other side of that argument.

Professor Stavrianakis: Absolutely. I think it is only natural that the companies will abide by the letter of the law. Why would they do otherwise? I think it would be silly to expect them to do otherwise. But I think what is at stake here is the role of the Government. You say it is in an invidious position. It is and it isn't. The Government has two roles here. It has a role as the supporter and promoter of industry. It has the role of the Government by which the Government-to-Government contract with Saudi Arabia is signed. These are state-to-state agreements, under which BAE Systems is a prime contractor, acting directly on behalf of the state. So the idea that there is a big separation between the companies and the Government is kind of moot in this case.

However, the Government is also the party to international law, and the state that negotiates things like the arms trade treaty, in which the commitments to international human rights law and international humanitarian law are made. So yes, the Government is in a tricky position, but that is the role of the state.

In response to your second question about whether the Government is gaming the system and attempting to appear transparent: absolutely. A lot of my published research over the last five years has been on exactly that topic: the way in which the UK Government—not uniquely, by any stretch of the imagination—points to its commitments under the consolidated criteria and the arms trade treaty, to repeat the mantra—I can only describe it as a mantra—that we have one of the most robust arms export control regimes in the world. You can ask literally any question you like in Parliament, and that is the answer you will get. The answer will be irrelevant to the question. It is literally just a go-to line that is designed to fend off questions, to bat away questions, without having to give any more information.

One of the developments that I find very interesting and worrying in response to the application by Campaign Against Arms Trade for a second round of judicial review is that the MOD now appears not to be answering parliamentary questions, by saying, "We cannot answer those questions, because they are under legal proceedings." My understanding is that it is referring to the sub judice rule, which is a very well established rule. However, it is also very clear that it does not apply in cases of judicial review where a ministerial decision is under challenge. I would strongly encourage CAEC to push back on that line of argument.

We see a variety of strategies in which the Government is attempting to deflect criticism, bat away inquiries, refuse to release information, and then manage information. There are partial releases. The annual report is an excellent example of that: "Here, have all this." There is a lot of licensing data, but it is really hard to know what it means, and I say that as someone who has been looking at it for 15 years. So I would absolutely agree that the Government is trying to appear to be transparent and appear to be acting in line with the consolidated criteria, while doing everything it can to ensure reliability of supply to the Saudis, and to

manage its reputation both at home, with civil society, and abroad, with states like Saudi Arabia.

Q183 **Chair:** Anna, thanks very much. Ian, could I turn to you? You have heard all that from Anna and you have a lot of experience in other European countries. In terms of how the reports are done, the contents and transparency, how do you think we compare with other European countries—our former co-members of the European Union, for example?

Dr Stewart: First, let me say that I recognise many of the limitations of the report that my fellow witness has put forward. At the same time, the UK actually still fares well in comparison to others with regard to its annual report. The additional metric that I would put up is a comparison with the UK's report historically. The UK redid the format of its report in 2016 with the creation of the Export Control Joint Unit. The report format that existed then was more statistically complete than that of other European countries, but in 2016 it also had quite a lot of narrative that goes a bit beyond other European countries. What I see now is that the UK report is backed by a lot of statistics. Sure, there are limitations with the way that those statistics are formed, but as I look across other European countries, they are mostly—if they go as far as the UK at all—taking the same approach.

There are a couple of European countries that go further and publish itemised descriptions of the items that are granted under licences, but they tend to be some of the smaller member states, rather than the more directly comparable member states such as Germany or France. In all countries, there are real limitations on the way that this data is presented, but I would still argue that the UK fares well in terms of the data that is presented and, historically, what has been presented in the past.

That is not to say that the points about it being difficult to dig into and break it apart are not valid; in fact, they definitely are. One of the specific areas where there are real limitations on the data—we might come on to talk about this—is with regards mainly to open licences, although it also applies to individual licences, where the UK is not reporting on actual exports in any significant way yet. Again, looking across other European states, several European states are trying to figure out how to report on actual exports, but most member states are struggling with this. Some member states have very different approaches to this, which means the data that is in different annual reports from different European countries is almost incomparable because of the different approaches that are being taken to try to address this issue.

I would go back to saying that the UK's approach compares well to others'—I think it is fair to say that—but there are still real limitations with the data that is presented therein.

Q184 **Chair:** A quick one-word answer before I come to Tobias. Is Britain doing the best out of a bad lot?

Dr Stewart: Almost the best out of a bad lot. There are some other European states that do better, but I put that down to their being smaller.

If they are issuing fewer licences, they have more scope to focus on individual cases.

Chair: Fantastic—thank you. Let's go to Tobias Ellwood.

Q185 **Mr Ellwood:** Thank you for your time today. Professor Anna, you touched on the reluctance of Government to share data. Before we get into that, what do you perceive as the advantages and disadvantages of the two main types of licences—the open and standard licences that we have?

Professor Stavrianakis: For who—for Government, for industry or for observers?

Mr Ellwood: For industry.

Professor Stavrianakis: I am sure industry would like everything to be licensed under open licences. It would probably make things easier for them. There is value in having a distinction between the open category of either less contentious goods or less contentious destinations, and the standard licences either for technologies that the Government want to be more cautious about where they go—whether for diversion, competition or human rights and humanitarian reasons—or for particular destinations where they have concerns.

Continuing the theme of transparency, one of the things that is quite challenging, following on from what Ian said about not reporting on deliveries, is that there has been some progress since 2013 on the use of open licences, but we still need much more granular information about what is happening there.

For example, let us look at the reporting of deliveries made under open licences in any given year from 2015 to 2019. In the 2019 figures, you might expect to see a drop, because of the Court of Appeal hearing, but you also might not, because it depended on whether licences were not granted in 2019, so the drop might come in 2020. However, if you look, each year between 2015 and 2019, there was an average of about 5,800 transactions under open licences, with the exception of 2018, when there was a big upwards spike in the deliveries under open licences, which makes sense because there was a spike in the granting of open licences in 2017, the year before—so they were being delivered under the next year.

What I have not seen, however, is any significant dip in 2019. In that sense, we still cannot really say how it is that open licences are being used. I know that you have heard in other evidence sessions that industry keeps that data. It is about joining the dots, in a sense. You have this difference between standard and open licences, and open licences are supposed to be for less contentious destinations, but then you have a case that becomes contentious—like Saudi Arabia and the Saudi-led coalition—and then we really need much more information to be able to know how well those licences are faring, not just in allowing industry to do its job, but in maintaining the Government's commitment to international law.

Q186 **Mr Ellwood:** You touched on the fact that these companies are obliged to

collect the data themselves, but there is no obligation to publish them. Would you like to see the data published in the interests of transparency?

Professor Stavrianakis: Absolutely. From what I understand, the objection does not come from industry. One of the interesting things about arms export policy is the way in which the Government and companies have a kind of merry dance going on, in which the companies say, "We always operate in line with the law"—and, absolutely, for the most part, that is the case—"so you need to talk to Government, because they are the ones who set the law and the policy that govern what we can do," and the Government say, "Well, sorry, that's commercially confidential, and the companies do their business in line with what we say." As an observer and as Parliament, you are being bounced from one to the other, and nobody is willing to give you that information.

Ultimately, however, because we have a licensing regime in which the state takes responsibility—it requires licences—it is the state's responsibility. The Government could require companies to release that information, and it does not sound as if there would be significant objections to that.

Q187 **Mr Ellwood:** Dr Ian, turning to you, if there are no objections, why do you think that the Government are not asking for this now?

Dr Stewart: There is a need to press on this topic. Thinking back to the last CAEC evidence session and the Government witnesses at it, if I recall, the Government had committed to making data available on this. There was an effort to collect this information from companies a few years ago which, I understand, frankly did not go very well in terms of the actual data collected. From what I recall from the last evidence session, there was a feeling that the way in which this would resolve itself was with the new licensing system, LITE, which would include features to allow better collection of this data. I have not heard anything in the last couple of years about the status of that specific point. Where is LITE with regard to its ability to collect that data and to make it available? I think there is a specific need to press on that point at present, because I do recall that there was a commitment made there, and I've not heard any updates in the last couple of years.

Mr Ellwood: Thank you very much indeed. Chair, thank you.

Chair: Thanks. We come to Mark Menzies.

Q188 **Mark Menzies:** Thank you, Chair. I'll start off with Professor Anna, please. What is your assessment of the UK's enforcement and compliance process?

Professor Stavrianakis: I think you heard in previous evidence sessions that, again, there is a series of questions to be begged about the information that we've received as external observers. The question that I would ask would be: how does the resource—the number of staff that DIT has for monitoring and compliance—compare to other issue areas? I understand DIT to have eight members of staff for compliance visits in

relation to open licences. Now, eight members of staff doesn't sound like a lot to me, but I don't know—I don't know how that compares to the enforcement across other areas.

We know from investigative reporting by journalists with Declassified UK—by Phil Miller—that several of the factories involved in supplying the Saudi-led coalition haven't been inspected within the last three years, and we know that companies are supposed to be inspected every three years. Again, I don't know why that is. Is it a lack of capacity? Is it de-prioritisation? I think those are the sorts of questions I would be asking about how DIT puts into practice its commitment to compliance by resourcing it materially in terms of staff time and visits.

Q189 **Mark Menzies:** Moving on, the annual report states that there were three prosecutions in 2018, none in 2016, none in 2017 and none in 2019. Why do you think the figures are so low?

Professor Stavrianakis: I'm not sure. It would be a good question to put back to the Government, because there is a range of possible answers. One is that everything really is fine, and there is no need for prosecutions, because companies are generally behaving well. But, equally, we know that there are some patterns suggested by the data, that suggest that compliance at the point of the initial visit is better than compliance later on. So it is a question of how a company is embedding those practices to make sure that they are systematically maintained over a number of years.

Again, I don't know—this would be something to investigate—but I wouldn't be surprised if this is a case of, "If we don't see it, we don't know it."

Q190 **Mark Menzies:** Turning to you, Dr Stewart, the same question: what is your assessment of the UK's enforcement and compliance process?

Dr Stewart: With this question, there is a real need to break down what we mean by compliance and enforcement. There's a really specific point that I'm not sure is widely understood. The Export Control Joint Unit compliance team—it says this in the annual report, but it's actually worth dwelling on—says that it is there to monitor compliance with the terms and conditions of licences. It does not view its role as monitoring or auditing companies for not applying for licences. They view that as the role of customs. So there is a really important distinction here. If companies are applying for licences—what we mean by that is open licences or, to a lesser extent, individual licences where there is a tech transfer aspect or something—then it would fall to the compliance team within the Export Control Joint Unit. Otherwise, they view it as a customs issue.

That reflects the question of what we mean by non-compliance. Are we worried about shipments of items without being licensed? I do worry about that. I focus more on the dual-use side of things, where my main concern is goods getting to places like China, North Korea and Iran without licences. We see that; that happens from the UK. The companies that are

involved in that are probably not the ones that are routinely applying for licenses and so on; it is probably the other types of companies. That is a really important area, but it is distinct from the type of thing that we are talking about, which is whether the record keeping associated with the use of an open licence is inadequate. There is a real need to have those as distinct categories. Both are important, and I would urge that one is not lost at the expense of the other.

In terms of how the UK does versus others, it is a bit lamentable that no country worldwide, apart from the US, does any more prosecutions on these topics than the UK does. Yes, the UK numbers are low, but they are low worldwide. If we are using a relative benchmark, I regret the fact that the numbers are low, and I worry about things such as staffing within customs and the level of outreach, but it is probably in line with the playing field globally, except in the US. The US is different, for reasons that we could talk about if there is interest.

Q191 **Mark Menzies:** To turn that on its head, could you even say, bizarrely, that the UK numbers are high by international standards? Therefore, you have incredibly low compliance globally.

Dr Stewart: Yes. To take that out of the abstract, I did a map a few years ago of the number of countries that had prosecuted an export control case. It was a blue colouring, and the number of blue colours globally was quite small.

Q192 **Mark Menzies:** That's very interesting. Staying with you, Dr Stewart, would the introduction of physical overseas post-shipment audits lead to greater statutory compliance by companies, and to improved application of the consolidated criteria by the ECJU?

Dr Stewart: I certainly think that post-shipment audits is best practice in licensing systems, so there is a role for it. I am not sure it is for the reasons that you suggested in your question. When I used to do licensing cases, I did all the dual-use cases from a risk, diversion and technical perspective. There would be cases where I would want to know about previous shipments—it goes back to my earlier example of goods being diverted to China and so on. There would be cases where I would want to know whether a certain company, perhaps in Asia, still held the goods, or whether they had sold them on before we licensed another shipment to them. In terms of dual-use goods, the role of it in very specific cases is clear.

For military goods, it is a bit less clear to me. It is a question of whether we would want to go and see whether the tanks are still there, for example. That could well be a valid thing. It is not going to make as much sense for the ammunition, because we will not go and see whether the ammunition is still there. What the EU did in that context is to introduce its iTrace programme, where, in effect, they are looking for evidence that weapons have been diverted, and they try to trace them back. Again, we would need to break that one down slightly.

But in my mind, the equally important piece of the picture is also pre-licensing checks, for the same reason. For a licensing official, you would want tools that help you ensure that goods are not being diverted. A part of that is ensuring that the customers are legitimate—that their bona fides check out. Having someone go and knock on a door somewhere is an important part of that, which we are missing in the UK. Looking across the EU, I see more countries, as well as BAFA, moving to introduce some of these measures, which the UK does not have at present. This is an area where the UK should at least have it in its arsenal.

Q193 **Mark Menzies:** Finally, Dr Stewart, how would you decide which exports to audit? Would that be by country, type of armament or technology grouping?

Dr Stewart: I have been thinking about that question. In my mind, it is a tool for use by the licensing officers. The licensing officers will know, as part of their licensing decision, where it would be useful to have that extra check. In my mind, if it is part of the arsenal, it is a tool that the licensing officers can say would be useful to invoke at this time, so I am not sure there is a need to work this out in advance. To the extent that there is a need to work it out in advance, I fall back to saying that I worry about UK goods making it to the nuclear weapon programmes of North Korea or the missile programmes of China, and so on. As part of that, I would pay particular attention to those types of shipments and then, from that, work out what types of goods and destinations are likely to be the ones that could see goods diverted to those end uses.

Q194 **Mark Menzies:** That is very useful; thank you very much. Professor Anna, how would you decide which exports to audit—again, country, type or technology?

Professor Stavrianakis: I think it would depend on the purpose for which I was trying to do this. I think that, rightly, a lot of the discussion around post-shipment audits is around worries in relation to diversion, but that is not the only reason why you might do post-shipment audits.

As Ian said, post-shipment audits are just one of the tools in the arsenal of Government to monitor compliance and know where transfers are going, but we do also have the pre-licensing checks and so on. If you are talking about monitoring compliance—on, say, criterion 2—one of the things that we have seen with the case of exports to the Saudi-led coalition is that the Government actually has a very wide range of information available to it, and yet there is still a controversy over compliance with the criteria.

It would be very interesting to know what would happen if the UK Government were to be doing post-shipment compliance checks with the Saudi-led coalition, but I think what that would immediately throw up is one of the challenges around this, which is around some of the diplomatic sensitivities—concerns around sovereignty and so on—of having the country that has licensed the weapons, that you have bought and now own, coming in to check what you are doing with them.

Now, the pro-control answer is that the licensing Government still has a responsibility towards international law, and so that is why they do it. On the other hand, the cases where we are seeing the need for post-shipment controls are usually in countries of the global south, or countries in the periphery, and that is where you get into those politics of, "Who is doing the checking here? Who is doing the observing?" It becomes very much bound up with these kinds of wider political currents.

Before I was able to give you a list of types of technology or types of question, I would want to take a step back and think about some of the politics of why it is that we are doing this.

Q195 **Mark Menzies:** Just to check, Dr Stewart referred to dual-use items, with particular reference to countries like China and North Korea. What are your thoughts on that?

Professor Stavrianakis: I don't have anything to add to what Dr Stewart said. I think I agree with what he said.

Q196 **Mark Menzies:** On question 1, you gave a really interesting example about aircraft spare parts. Can I just check that? I think you referred to spare parts for the Tornado, is that right?

Professor Stavrianakis: Yes.

Mark Menzies: They were coming out of RAF stocks. Just playing devil's advocate, could that not be that the RAF was selling those parts because the RAF no longer operated those aircraft and, in fact, retired them in 2012 as a result of the 2010 defence review? So the RAF, in effect, had a heap of spare parts for aircraft it no longer had and literally was selling them to an air force that did operate those aircraft? Could it not be as simple as that?

Professor Stavrianakis: That is entirely plausible, but without giving that information in the annual report, we don't know that. I think it still begs the question of, if they were retired in 2012, why are those spares going now? I would return to what I said about the context of the Yemen war and the RAF's willingness, in a context where the legality under international law is being questioned, to transfer its own surplus to the Saudi air force. But, absolutely, as an impulse, that is entirely plausible, but you would have to ask the Government.

Q197 **Mark Menzies:** There is another thing that I wanted to clarify from question 1. You referred to the contracts of ADS. ADS is a trade body. Surely, the contracts would be with BAE Systems, as a prime contractor?

Professor Stavrianakis: Yes; I am sorry if I misspoke. The UK and the Saudi Arabian Governments are involved in the Government-to-Government deal, and the UK MOD contracts BAE Systems as the prime contractor—absolutely.

Mark Menzies: I just wanted to clarify the record. That is great; thank you.

Q198 **Sarah Champion:** My first question is to Professor Anna. Do you have any concerns on arms export controls after the merger between FCO and DFID?

Professor Stavrianakis: Thanks for the question. I do have some concerns along a number of different angles. I was surprised in the evidence session with officials to hear that there has been no move of DFID officials into the ECJU as part of the merger of DFID into the Foreign Office. The officials seemed to say that everything was working fine, and, in the everyday sense of things, there had been no change, in terms of what the newly merged Departments know about development concerns. But it raises for me a practical question about how the newly merged Departments know in practice about development concerns.

If no former DFID officials have moved into ECJU, it would be helpful for the CAEC to ask: what are the routes by which they share information with the people in ECJU to make development issues known?

It is important because the newly merged FCDO is legally bound to consider all the information that is available to it and DFID, or what was DFID, has knowledge and information available to it about what is happening somewhere like Yemen that the FCDO now legally needs to consider. I would be very curious to know how that information is shared so that the Government can make decisions with all the available information taken into account.

I was also struck by the narrow focus afforded to DFID by the officials in the last evidence session and their hesitation around being proactive about making suggestions to improve the application of the criteria or their wording, or the institutional arrangements for applying them. The former DFID officials who are now in FCDO have been deeply involved in the humanitarian response to a conflict like Yemen. We would need to check whether the FCDO was considering DFID's expertise and institutional knowledge about the causes of the humanitarian disaster, rather than simply responding to it once it has happened.

My more general concern follows on from some of the commentator criticism that we saw when the merger was announced about the subordination of development aid to foreign policy priorities. While I share those concerns, it is important not to lionise development aid or accept it uncritically. What we see happening in Yemen is a very complex interplay between humanitarian aid and development aid on the one hand, and military support and arms sales on the other. It is often presented as a tension, a contradiction, an inconsistency—you break their legs and then give them a plaster, and the plaster isn't enough to heal the legs that have been repeatedly broken. I broadly agree with that.

I also think it is something more complex. When you think that Saudi Arabia and the United Arab Emirates are the largest bilateral donors of aid to Yemen, you have to understand that development aid and humanitarian aid are part of the war effort. You have on the one hand the destruction of Yemen, the use of foreign-supplied weapons and a military strategy that is

destroying food supplies, destroying infrastructure, attacking medical facilities and literally destroying the infrastructure of the country, and then, on the other hand, the development aid and the humanitarian aid come in to rebuild it in a way that is supposed to be in line with Saudi and UAE interests for the transformation of the Gulf region. It is not simply that aid is there to mop up what the arms sales destroyed, but actually they are enmeshed practices. You have destruction and reconstruction that go together as part of a war strategy—as part of a regional strategy. The UK needs to think very, very carefully about what it wants its legacy to be in relation to that war.

Q199 **Sarah Champion:** Professor, you have raised some absolutely fascinating points; thank you. They are also ones that I need to take forward in my Committee. Dr Ian, do you have anything to add to that point?

Dr Stewart: No is the short answer. This is not really my area of expertise. The only thing I would say is that I did a study, which I referred to earlier, of conditions applied across Europe for licensing, and I do not recall any kind of clearer and more comprehensive role being given to development agencies in other countries. I did not expressly set out to find that information, so I do not have much to add on this one.

Q200 **Sarah Champion:** Let me push you a little bit more. During your work with the European Parliament, to what level did you see development and overseas aid Departments involved in other countries' arms exports licence processes?

Dr Stewart: That was what I was trying to speak to. I did not capture any data on that. I went back over my notes and what I mean by that is that no countries, when I was in conversation with them, raised the fact that their development agencies were part of their licensing process. That could either mean that it was not raised out of neglect of that, or it could mean that it is not the case. I suspect the latter, actually—that development agencies are not generally part of the licensing process. Thinking back historically in the UK, that has certainly been the case; "the limited role of DFID" was the way that the Export Control Joint Unit presented it in its own evidence, and it is, I agree, a very limited and specific role. I have not seen examples of any more holistic roles for development agencies in licensing processes anywhere that I have looked so far.

Sarah Champion: Thank you very much.

Q201 **Chair:** Very quickly, I want to go back to Anna on that point about DFID, as was. DFID was specifically allocated criterion 8 as being one to rule on. To what extent is DFID's input incredibly important on all the other criteria when it comes to international development? A quick answer because we are running slightly behind, and then we will go straight to Lloyd.

Professor Stavrianakis: Thank you for the question. I think it would be really beneficial if more of the DFID expertise could be taken into account across the other criteria. The classic example is that DFID is restricted to considering criterion 8 in the narrow fiscal sense and thinking about the

developmental impact on the buying country, but not the use of those weapons to create a developmental disaster in another country. That is the classic example. The application of some of the other criteria around internal repression, international human rights law, international humanitarian law and so on is all intimately connected to development challenges, so it would be good to see that expertise spread wider.

Chair: Fantastic, thanks very much.

Q202 **Lloyd Russell-Moyle:** I wonder if you could give me your assessment on the Government's new processes following the Court of Appeal judgment in 2019 and then the Mills review, in respect of exports to Saudi Arabia and its allies that might be used in the conflict with Yemen. Has anything changed? In the light of the last few days, where Biden has now said he is reviewing all of these, is there anything that we should change to be in step with our US cousins? Dr Ian, you are in the US. Do you have a view on this?

Dr Stewart: I am keen to defer to my fellow witness on this one, I think. I understand that incoming US Administrations often conduct such reviews. I do anticipate that the Biden Administration is going to have a very different approach on export controls in several regards. It is not clear to me how it is going to fall down on the Saudi front. Maybe we will talk about this later, but on topics such as China and so on, I think there are some important points to be had there. I don't know how this will play out on the Saudi front, and Saudi is not really my area of expertise, so I would like to pass to the other witness, if I may.

Q203 **Lloyd Russell-Moyle:** Professor, I will come to you so that you get the bulk of the time. I am interested in what the Government did post the Mills review. Was it sufficient, and are there things that they should be doing to strengthen that in the light of the wider geopolitics?

Professor Stavrianakis: Thanks for the question. I will respond in terms of the point from 7 July 2020 when Liz Truss made the statement announcing the review that kind of closed the response to the Court of Appeal judgment. I will take that as a package.

There was a minor positive development followed by two backward steps. The positive development was that the Government confirmed publicly that its revised risk assessment methodology now takes into account past allegations of violations of international humanitarian law, and treats all potential breaches as actual breaches for the purposes of the risk assessment. If you are serious about doing a risk assessment, using a risk assessment to prevent a catastrophe is a really good step. Treating potential breaches as actual breaches is absolutely the way to go in terms of doing a risk assessment. So that was a really welcome start.

However, there were then two steps of manoeuvring that allowed the Government to then reach the conclusion that it was in fact okay to keep licensing weapons deliveries to Saudi Arabia and to the coalition. Those steps were as follows: first, having stated that it treats all potential breaches as actual breaches, as of 4 July 2020 the MOD held details of

more than 500 alleged instances of breaches. On how the Government then got to deciding that there were only a "small number" of breaches, I would love to know how it got to that figure. What is interesting is that it is also refusing to release information under a freedom of information request to state even what that number is, so I would invite members of the Committees to ask what a small number is. Is it 10, 100, 200, or less than half of the 500 number? What does a small number even mean?

So the question would be: how did the Government get from 500-plus potential breaches, which they are treating as actual breaches, to a very small number? There is significant definitional work that goes into narrowing down the category of what constitutes a possible breach.

The second step is that this supposedly small number of potential breaches constitutes isolated incidents. What the Government was required to do was to assess whether the Saudi-led coalition had committed violations in the past. They were not required to assess whether that constituted a pattern. I think Roy Isbister explained this in the last evidence session. There is no requirement that the potential breaches constitute a pattern under criterion 2.

So the Government somehow gets to the position that these are simply isolated incidents by saying that they occurred at different times, in different circumstances and for different reasons. But I would say that on the basis of the evidence that we know from the public domain, you can use that very information to say that those violations were widespread, systematic and/or indiscriminate. You could take exactly the same information and make the polar opposite conclusion. Again, without any further contextual information, it is impossible to know. Because the Government is refusing to release some information and is managing the release of other information, it is absolutely trying to choreograph the public debate that could be had about this, while saying, "Don't worry. We have secret information that can be heard in closed sessions of court in legal cases", which makes it very difficult for independent observers to understand what is happening or for Parliament to hold Government to account.

In terms of what has happened in the US, this is potentially extremely significant for the UK for a couple of reasons. One is that there have been press reports, for example, that Raytheon expect the Biden Administration to block a $500 million bomb sale to Saudi and have removed it from their books. Now, if that were to happen it would have significant consequences for the UK, because of the production of the Paveway IV bombs, which are made in the UK as part of these wider US contracts.

If the US was to force the suspension of that sort of contract, that would have significant ramifications for UK industry, but also for UK policy, because you have a US Administration that is, initially, just trying to find out what they are supplying, I think, by the sounds of it—Ian is right when he says this is in one sense a routine thing that many new Administrations do, but it is potentially very significant for the UK because it risks being out of step with one of its main allies. If we look across into mainland

Europe, we have had several EU member states who have long had more restrictive policies than the UK. We have had a very recent announcement from Italy, where Italy has now revoked licences for Saudi and the UAE and will not be considering new licences. The UK now risks looking even further out of step with EU member states and potentially with the USA, which leaves the UK looking very isolated and out of step. For a country that is very invested in being seen to be at the forefront of the rule of law and multilateral arrangements, I think that is a very dangerous position for the UK Government to get itself into.

Q204 **Lloyd Russell-Moyle:** It puts paid to the thing you mentioned at the beginning, where UK Ministers say we have got the very strongest regime, if most of our allies are not permitting sales to one area of the world. Were you surprised the Government made those breaches of the undertakings of the court, and what do those kinds of breaches say in terms of the good will of the Government? You mentioned that the Government are saying that they have got a lot of secret information—they know better. Okay, maybe there is some good will that you can give them, but do the court breaches undermine that good will and ability to say, "We trust you on your word"?

Professor Stavrianakis: Yes, I would agree that it does undermine that position. Was I surprised? Yes and no. I was surprised in so far as you would really hope that a Government would not breach a legal undertaking it had committed to. I was surprised in that some of the breaches seem to involve basic factual inaccuracies around who the members of the Saudi-led coalition are or which branches of the armed forces were involved in fighting. Some of the examples had been on the public record for a very long time. They weren't secret. They weren't hard things to find out.

I think what I was less surprised about—I think this is something that the CAEC could usefully take up—is the question of inter and intra-departmental working: information-sharing practices within and between Departments. It might not be the case that officials simply didn't know that information; it might be that they don't have the right systems for sharing it and making it resonate. I have talked in evidence sessions in previous inquiries, in previous situations, in the CAEC, about trying to get into the black box of decision making—that it is one thing to know what sources the Government and officials are drawing on, but it is another to know how that information is put together, how decisions are made and how discretion is exercised. Licensing is, by its nature, a judgment. It is an exercise in discrimination. Some people will get a licence. Other people will not get a licence. You need to discriminate between sources of information. How is that information known about? How is it weighed and how is it then valued?

I think there has been a response in Parliament to a parliamentary question from Emma Lewell-Buck quite recently that revealed perhaps something more systematic, where the question was about suspensions and revocations in the last five years. I was a little perplexed to see an answer that revealed that five open licences had to be revoked in the last

five years because they were issued in error. None of these were to the Saudi-led coalition, let me be clear. I am talking about a wider issue here.

When you have an admission that open licences are being issued in error, it raises more questions, particularly because of their more permissive nature. What was that error? How long was it before the error was identified? How was the error identified? How was it addressed? Were any inappropriate deliveries made under the licences granted in error? What steps, if any, have been taken to correct those errors and ensure that they do not happen again? On the inadvertent breaches that we saw, the Mills review seemed to be clear that there were no systemic problems, but it does seem to me that there are gaps in the system.

This is my last point on this. The other thing that the Mills review committed to was greater ministerial oversight of decisions, and that decisions would all be referred up to Ministers. On the one hand, that is an important and significant move, because it is important for political accountability when Ministers have signed off. On the other hand, we also know—this is from information that I found out from the Foreign Office under a Freedom of Information request—that when the current Prime Minister, Boris Johnson, was Foreign Secretary, and when particular types of licences were being referred up to the Secretary of State, he was content to sign off on licences for bombs just days after an attack on a food factory in Yemen. A couple of days after he approved those licences, another attack happened. Although ministerial approval is very, very important for political accountability, I am not convinced that ministerial approval is necessarily working to make the criteria as robustly implemented as they need to be.

Q205 **Lloyd Russell-Moyle:** There are very few regulatory regimes where the Minister is doing the sign-off and it is embedded in a Department, as opposed to an independent regulator, which we have in most other regulatory regimes in Britain.

I have one last question to you, Anna. You mentioned the Government talking about isolated incidents and patterns. Would it help if the Government produced their criteria for a pattern? Do you think that the Government have criteria for a pattern, or do they not really know what a pattern is or have criteria for it? Does that make sense?

Professor Stavrianakis: It does make sense. That depends, on any given day, on how optimistic or pessimistic I am feeling, based on the years that I have spent looking at this sort of issue. Let me put it this way: I would hope that the Government have a system for understanding what constitutes a pattern. I am not confident that they do. When I am feeling more sceptical, I wonder if that is what explains part of the hesitation to be more public about it. That is something that could be very usefully pressed by the Committees. The way I would put the question is this: how are the Government drawing the distinctions? On what basis might incidents constitute a pattern? Is it a question of numbers, of severity, of frequency? Those are distinctions and judgments that need to

be made when we are trying to make an assessment about a very wide range of information.

Lloyd Russell-Moyle: Thank you very much—that is really useful.

Chair: Emma, did you want to jump in here?

Mrs Lewell-Buck: Yes, very quickly—thank you Chair. I just wanted to say for the benefit of the Committees that I will be tabling some follow-up questions on the information that I have already elicited. Thank you, Anna.

Q206 **Chair:** I am slightly conscious of time; we probably need to pick up the pace a bit. Anna, on your point about the ministerial oversight of these decisions, having previously been a Minister responsible for signing off some of these things, there was, if you like, an interesting dynamic that I would be curious to hear your views on, which was also raised by previous witnesses from non-governmental organisations: the Government's decision to have a slightly lower hurdle, if you like, to pass a licence application for those countries with which we have a more strategic relationship. My question about this ministerial oversight is to do with that. For example, we have a very strategic relationship with Saudi Arabia, and to refuse a licence with Saudi Arabia would be to refuse a licence under the context of that strategic relationship. That would tend to be a Cabinet-level decision, rather than, necessarily, that of a humble, minion Minister, like myself at that time. The flip side is that if we were potentially exporting riot control gear to some south American or central American states, it would be much easier for a junior Minister to reject that, given the advice of the ECJU, because there is no strategic relationship with those countries. Do you have any thoughts about that type of dynamic?

Professor Stavrianakis: Yes. I think that is a very significant piece of the jigsaw, in relation to the war in Yemen and exports to the Saudi-led coalition. I do not think that anybody is denying the significance of it; there is a range of views on the political spectrum about how wise it is for UK security and foreign policy and so on, but I do not think anybody denies the significance of it. I would say a couple of things in response. First, be that strategic context as it may, the wording of something like criterion 2 is actually very clear, and there is no trade-off to be made. The UK Government will not issue an export licence where there is a clear risk that the equipment might be used in a serious violation of international humanitarian law. All the other factors under the consolidated criteria are secondary to that. If the UK Government want to remain signed up to the consolidated criteria and the arms trade treaty, they have to treat criterion 2 on a stand-alone basis.

That is all well and good, but if you are a Minister and in Cabinet, the answer is: "Yes, but what about the importance of the strategic relationship?"—they are now in this very invidious position—to which I would say a couple of other things. If the relationship is that important, and if there are ways to raise these issues quietly, behind the scenes, in

the context of a very long-standing relationship in which the UK Government have leverage, why has there been no improvement? In taking seriously the argument about the strategic context, I would say to the Government that they can't have their cake and eat it. If they are going to emphasise the relationship, they have to be able to demonstrate that those hard conversations that they say they are having are having a payoff.

Chair: That is a very interesting thought. Thank you.

Q207 **Martin Docherty-Hughes:** First of all, Professor Stavrianakis, I thought your answers to my colleague, Lloyd, were very enlightening, especially on Raytheon and on the Biden Administration; I am sure that some of my colleagues from the Defence Committee will be taking that up this afternoon when we investigate yet again the so-called special relationship.

I will come to both of you on the issue following the trade agreement with the European Union at the end of the transition period. Do either of you have any outstanding concerns regarding the impact of Brexit on arms exports controls? I will come to Professor Stavrianakis first.

Professor Stavrianakis: Thank you for the question. I will talk in quite broad brushstrokes. I think both the rhetoric and the practicalities of Brexit are probably bad news for rigorous arms exports controls. A lot of the rhetoric that we have seen from the Government is around an increased focus on priority markets in the middle east and Asia, where we know there are major risks associated with arms exports. In terms of deviation from something like the consolidated criteria, and divergence away from what EU partners are doing, I would say that the UK is actually already an outlier compared to most EU states in relation to something like the war in Yemen. It is probably only close to France in terms of the way transfers are being handled by them. Most European states have been much more restricted. Combined with the shifts we are seeing in the United States of America, that risks the UK being isolated rather than glorious, if we are thinking in terms of the broad swathes of the rhetoric.

Q208 **Martin Docherty-Hughes:** Dr Stewart, do you have anything to add to that?

Dr Stewart: Your question was whether there are outstanding points with regards to Brexit. I think not, actually. We landed where I thought we might land: no access to the active denial system database and a pretty hard wall between the UK and the EU with regards to information-sharing systems and so on. That sort of fits with how Norway had been implementing it before this. We are where I thought we would be. I am sceptical that there will be any deviation by the UK from criteria, and so on. That is because it was, apparently, actually the UK that pushed the EU to take on those criteria to start with. I do not see that as an immediate issue on the horizon. A previous witness used the term technical deviation: there will be areas in which the EU is moving to adopt its own recast of the regulations, in which the UK—from a definitional perspective and so on—falls out of line. I will say something soon that will sound

surprising. I am not sure that there are any clear areas where that will cause any problems. One of the notable areas where there will be deviation is that the EU will have catch-all control on terrorism. We will not have that control in the UK, and that would be a good gap to fill. I do not know of any specific issues that we have been unable to deal with because of not having such a control. There will be specific things like that.

There is a broader context to export controls. I think that export controls—other than normal arms export controls—will become very China-centric. The UK will have to become more aligned to the US view on China, whereas the US has historically been more hesitant and reluctant on that issue. There is stuff that falls out of that, and it is worth exploring, but maybe I should write to the Committees on that rather than using up time in response to the question.

Q209 **Martin Docherty-Hughes:** May I take that slightly further? Some NGO witnesses referred to limited divergence. If there is any divergence from the EU, it is likely to be—as you say—very gradual. Maybe you have both covered what that practically means. My question is about the UK leaving the European Union, but we know, of course, that Great Britain has left the single market but Northern Ireland remains in the single market. Do either of you have anything to say on divergence in relation to Northern Ireland remaining in the single market? Professor Stavrianakis?

Professor Stavrianakis: Only in relation to any collaborative programmes or joint production where you might have parts or components being made in Northern Ireland, and there would then be questions around how components are joined up into platforms.

Dr Stewart: I have nothing to add, especially because of the way the licence transfers of dual-use goods will happen in particular. That is quite a light-touch process. I have not identified any specific issues arising from that so far.

Q210 **Martin Docherty-Hughes:** Dr Stewart, this question relates to yourself and your former work with the European Parliament. Did you consider that there were any specific concerns from EU countries regarding the post-Brexit process? Would any of that concern divergence on military or dual-use items?

Dr Stewart: In terms of the points raised, one that has been discussed, and which we might come back to address, is whether the UK will continue to view the EU as a bloc in its own right, or whether the UK might want to have a more country-specific assessment of exports to European countries. There has been concern about the potential for diversion of goods from some eastern European countries. There are points like that.

When the UK says, "no immediate change but we'll see", that is the type of thing that they might have in mind. At some point it might make sense to have a more granular way of assessing licences to European countries, rather than taking the bloc as a whole. I don't think we are there yet.

I am actually a little bit sceptical that that would happen, because of the free movement of goods issue within the EU. That relates more to dual-use goods than military goods. Other than that, nothing comes to mind. Perhaps Anna would like to add any thoughts she has.

Martin Docherty-Hughes: Professor, is there anything you would like to bring in?

Professor Stavrianakis: No, I don't have anything to add on that.

Chair: Martin Vickers, you wanted to add something quickly.

Q211 **Martin Vickers:** I have a quick comment on what Professor Stavrianakis said about the UK being an outlier in Europe, alongside France. Isn't that inevitable, since the UK and France are the major military powers in Europe, with the most sophisticated arms industry? Therefore, aren't they looking to their own best interests?

Professor Stavrianakis: Yes and no. I refer back to what Dr Stewart said about the UK, alongside France, pushing the EU to adopt the criteria in the first place.

I think it speaks to the way in which regulatory regimes are designed to be ambiguous to allow states to meet their interests, while appearing to look benevolent in their concern for human rights and so on. Yes, they are meeting their interests, but the UK and France are also party to these multilateral regimes that, on paper at least, have very clear commitments to human rights and international humanitarian law.

When other states are implementing those commitments in ways that are so different, we have to ask why. We need to think about the power of smaller states to generate change in terms of some of the normative commitments to things like human rights and international humanitarian law. For states like the UK and France, it is precisely because of that size and significance that these issues become particularly pressing.

Q212 **Mrs Lewell-Buck:** Morning again, both. I want to explore further suspension and revocation of licences, especially in relation to the changing circumstances in some of the destination countries. Previously in Committee, we've heard that the UK tends to have a more reactive, as opposed to proactive, approach, and there tends to be a suspension of approval for new licences, rather than action taken on existing ones. Do you have any comments? Is that something that you have found in your work? I am happy to take Anna first.

Professor Stavrianakis: Sure. If we look back a decade to policy and decisions in relation to the Arab spring, we see a lot of the same issues. This is an issue that goes to the heart of a licensing system based on risk assessment and a case-by-case basis. The case made for it is precisely that it is responsive and can respond to changing circumstances

The case made for it is precisely that it is responsive and can respond to changing circumstances, but in practice—again, I go back to my general

theme—it creates the impression of being able to exercise rigorous control without actually making significant, meaningful difference.

If we look back to the Arab spring and take arms transfers to Egypt in 2011, there was something of a controversy in the UK about exports to Egypt, and the UK response was to review the licensing process and tighten up procedures—again, some of the things that sound similar to the Mills review in relation to Saudi Arabia—and there was the announcement of an immediate licensing suspension mechanism, under which applications in the pipeline would be stopped and no further licences would be issued.

The review also proposed a revised risk categorisation using objective indicators—we never really found out what those were—and more regular review. This was explicitly framed as allowing Ministers to be able to respond quickly and decisively to a change in circumstances, but when you look in practice at what actually happened, none of those measures necessarily stopped military and police equipment being transferred to Egypt, let alone being used by the Egyptian security forces, for a couple of reasons.

One is that revoking licences does not require the recipient to return the equipment that has already been transferred. In one sense that is obvious. It goes back to what I was saying about some of the sensitivities around post-shipment checks. If you are a country that has legitimately, legally bought weapons and you are then asked to return them, you would kick up a stink. That is not politically feasible. To be clear, a revocation does not mean that the recipient has to return the equipment.

The licensing suspension mechanism only applied to new applications; it did not prevent the transfer of equipment already licensed. That is precisely what we have seen with the mirror licences in relation to Saudi Arabia so, a decade on, exactly the same patterns are happening. One of the things that was particularly egregious about the Arab spring case was the way in which the Government allowed existing licences for things like assault rifles, combat shotguns and small arms ammunitions to stand, and they described them as crowd control goods.

This was something that the previous Committees on Arms Export Controls were deeply critical of—that actually there was a relabelling of equipment to make it look like it was for legitimate internal security purposes, when actually this was offensive weaponry that was going to be used to quell demonstrations in the name of democracy, which the UK Government also said they were supporting.

I do not for a moment doubt that it is extremely challenging to know, at a policy and a practical level, how to respond to this, but the response I would give is that we have been here before. We were here a decade ago. We have been here in a number of other cases. The destinations might change, the types of equipment might change, and the specific words might change, but we see a pattern of grand announcements of procedural changes that, in practice, do not stop the transfer of weaponry that is then

used in, say, human rights violations, which is one of the issues at the very heart of the licensing regime.

Q213 **Mrs Lewell-Buck:** What could happen to make these grand announcements actually match what they are supposed to?

Professor Stavrianakis: The work could be done before the need for the grand announcement comes in. That requires a much more restrictive orientation to the initial risk assessment. One of the things that really strikes me when talking about either the Arab spring or the Saudi war in Yemen is the idea that we have heard from officials that they don't have a crystal ball, they couldn't predict the future—that at the time of the granting of the licence the conditions were okay, but we didn't know that the equipment was going to be misused.

The first thing I would say is: look at the character of the regimes to which you are exporting this equipment. If that took you by surprise, you weren't paying attention. The second thing I would say is that the whole purpose of risk assessment is to look to the future, to consider what catastrophe might happen and to act in the present to prevent it. The comparison I often make is between arms exports and counter-terrorism. Counter-terrorism policy operates precisely on the basis of an absence of evidence, because it is pre-emptive, it is proactive—it tries to imagine what might happen in the future and to act in the present to prevent that. You may agree or disagree with the way in which counter-terrorism policy is carried out. That is not the argument that I want to have here; it is about how a future risk is identified and assessed.

In counter-terrorism, we have concrete actions taken in the present to prevent a future that might never happen, but what we see in arms exports is, even when there is evidence that the equipment has been misused, there is still no response to stop those things happening, let alone a much more preventive orientation on risk that would mean that you don't need to be caught off guard like that. I would prefer much more restrictive action at the licensing stage, to stop getting into a situation in which you have to be in emergency mode and talking about suspensions and so on. No one wants that—it is bad for industry, it is bad for state-to-state relations, and so on.

Q214 **Mrs Lewell-Buck:** Thank you; that's really fascinating. Dr Stewart, do you want to come in?

Dr Stewart: I am not sure that you will ever address all these points at the licensing stage. I take the point that was made.

In my mind—and my knowledge of the working process is more than a decade old now, because basically I have not worked in licensing for that period—what strikes me as missing has been a horizon-scanning thing for licence risk assessment. If we know that we issue 500 licences to a country for certain types of goods each year, every quarter surely someone should be thinking about whether something has changed in that country that might require us to do a more thorough review of all those cases. There does need to be some horizon-scanning.

The challenges now—I say this with the caveat that I am 10 years out of date—are because everything is so process-driven, so caseload-driven. When I was doing licensing, there was no such mechanism for horizon-scanning, because it was always about looking at the case—there was no way of doing that horizon-scanning thing. It is important that it happens. It might already happen, but I have no insight into processes in that regard.

Q215 **Mrs Lewell-Buck:** In previous evidence sessions, NGOs told us that when it comes to our proportion of exports that are components and sub-systems, it makes it a lot more complex to figure out what systems they are in and what is being done with them. Do you have any solutions to offer the Committees on how we get around that?

Dr Stewart: It goes back to the question of what data is gathered on the use of open licences. When it is partial components of a military system, by default we would get the military list category of the military system, or parts or components thereof. There is no reason why there cannot be a free text field asking, "Please identify the overarching weapon system to which the component belongs." It could even be a dropdown box. It is a data collection issue. Right now, I think it does not happen because we are not yet collecting data on the use of open licences, but there is no reason why not. In my mind, it is a relatively straightforward thing.

Mrs Lewell-Buck: Yes, it does sound very straightforward. Thank you for that. Professor, do you have anything to add?

Professor Stavrianakis: No, I don't.

Chair: We were aiming for a hard close at 11.30, but I am very conscious that we might go over. If the witnesses are happy, we will overrun a little. Claudia, the floor is yours.

Q216 **Claudia Webbe:** I do not want to add too much, but I will follow on from that last set of questions. As the character of conflict evolves, what do you think the impact will be on the licensing system? Will we need wholescale change or new international agreements? What do you think? Who wants to go first?

Dr Stewart: I'm happy to be very brief with this, and I can write to the Committees on it. The looming, major issue on the horizon is with regard to China. It is not really a conventional arms exports issue; it is a dual-use technology issue, which is within the Committees' purview. I think it is fair to say that the UK has been struggling with coming up with a holistic approach. Under both the Trump Administration and the Biden Administration, it is all about China with regard to export controls, so there is a need to holistically address some major systemic limitations of the system right now. I am happy to write to explain what I mean by that. I just want to put a peg in that and say that there is a point with regard to China that we have to address.

Professor Stavrianakis: To follow on from Dr Stewart's point about the need for a holistic assessment of this, the only thing I would say is that

often agreements tend to be made on a technology-by-technology basis, and it is a game of whack-a-mole—what is the latest technology or the latest issue that is going to be a problem? Integrating that into a broader review of what UK foreign, defence and security policy is for to give a more nuanced and cross-cutting sense of what the UK wants to do on the world stage would help set the scene for engaging on particular new issues as they arise.

Q217 **Claudia Webbe:** What will be the new challenges in terms of issues like divergence, brokering and brass-plate companies?

Professor Stavrianakis: As the international systems of military production grow and diversify, and you see new states and actors entering into that, the production of weapons and military equipment becomes more complex and spread across more countries, so it is very hard for national systems to exercise meaningful control, and it is also more important for national systems to exercise control. The issue to have an eye on is the ongoing internationalisation of military production.

Dr Stewart: I think there is going to be a lot of stuff coming out of the US that is very important for the UK to work through. You mentioned the issue of brass-plate companies. Under the National Defense Authorization Act in the US, there is an obligation to declare the ultimate beneficial owners of companies. That is going to have huge, far-reaching implications, including in this space—the military and dual-use space—because that is how front companies are set up to evade controls. The US is going to be taking very systematic action and is going to be looking to its allies. That falls back to the China point that I mentioned earlier. There is a raft of issues that need to be unpacked there, and as I say, I would be happy to write to the Committees with my structured thoughts on that, because it is not something I can talk to in a couple of minutes. There are big issues on the horizon that the Committees could do with at least being cognisant of and perhaps could look at in some depth.

Chair: We have rather gone over time, so I would like to say thank you very much indeed to our two witnesses. As ever with all these evidence sessions, once we get started it turns out that there is such an enormous amount that we can get stuck into. We are very grateful to both of you. Professor Anna Stavrianakis, it is fantastic to hear your input into this. Dr Ian Stewart, thank you so much for the extraordinary disturbance that we have made to your body clock by getting you up at 5 o'clock in the morning to come along to do this, as you are in America.

Inevitably, there are a lot of other things that we would have liked to ask you, one of which would have been, if we had the time, what two areas you suggest CAEC should take forward in its future work. I should be very grateful, if you have any further thoughts on the subject of our inquiry and on the two areas, if you could write to the Committees and let us know your views. Ian, you said you were going to write anyway. If you think we are missing anything, getting it wrong, or indeed getting it right, let us know. Thank you again to everybody. Thanks to my colleagues for turning up. That is the end of today's session.