



## Foreign Affairs Committee

### Oral evidence: Blocking Foreign Asset Stripping - HC 296

Tuesday 23 March 2021

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Members present: Tom Tugendhat (Chair); Chris Bryant; Andrew Rosindell; Bob Seely; Henry Smith; Royston Smith; and Graham Stringer.

Questions 325 to 379

#### Witnesses

**I: Paul Scully MP**, Parliamentary Under-Secretary (Minister for Small Business, Consumers and Labour Markets), Department for Business, Energy and Industrial Strategy; **James Cleverly MP**, Minister for the Middle East and North Africa, Foreign, Commonwealth and Development Office; **Sarah Mackintosh**, Deputy Director for National Security and Investment, Department for Business, Energy and Industrial Strategy; **Jacqui Ward**, Director for National Security and Investment, Department for Business, Energy and Industrial Strategy; and **Chris Rampling**, Director for National Security, Foreign, Commonwealth and Development Office.

Written evidence from witnesses:

- [Department of Business, Energy and Industrial Strategy](#)
- [Foreign, Commonwealth and Development Office](#)



## Examination of witnesses

Witnesses: Paul Scully MP, James Cleverly MP, Sarah Mackintosh, Jacqui Ward and Chris Rampling.

**Chair:** Welcome to this afternoon's sitting of the Foreign Affairs Committee. It is a great pleasure to be here with the Minister for Middle East and North Africa and a Minister from BEIS. I will ask each of them to introduce themselves and for the officials to follow suit.

**James Cleverly:** Hi, I am James Cleverly, Minister of State at the Foreign, Commonwealth and Development Office. I am Minister for Middle East and North Africa, but I also have a number of thematic responsibilities, which is why I am here before the Committee on this issue.

**Paul Scully:** I am Paul Scully, the Minister for Small Business, Consumers and Labour Markets, and the Minister of State for London. In this instance, I have taken over from Nadhim Zahawi in working on the National Security and Investment Bill.

**Sarah Mackintosh:** Hi, I am Sarah Mackintosh. I am the deputy director working on the National Security and Investment Bill.

**Jacqui Ward:** Good afternoon. I am Jacqui Ward. I am director for national security and international in the Department for Business, Energy and Industrial Strategy.

**Chris Rampling:** Good afternoon. I am Chris Rampling. I am the director for national security at the FCDO.

Q325 **Chair:** Thank you, all of you. Clearly, several areas will overlap so, in the usual way, if a question has been answered, please don't feel the need to repeat the answer. One answer from Her Majesty's Government is more than we expect—please don't make us feel too lucky. May I start? In feeding into the drafting of the National Security and Investment Bill, what specific objectives was the FCDO seeking to secure?

**James Cleverly:** Ultimately, the philosophy that underpins our work across Government has now been set out in the Integrated Review. Obviously, a lot of the work that underpins the thinking behind it predated the formal publication of the review, but the headlines in that review explain pretty well what the Government are trying to achieve, in that we are looking at a co-ordinated cross-Government foreign policy—that we are to be a force for good in the world, that we are to be innovative, agile and open for business, but that our actions are underpinned and informed by our values.

That is in quite general terms, but those are the things that ultimately fed into the thinking on the interrelationship between the FCDO and this Bill, as with other work of Government, to try to make sure that we are an agile, commercially successful country, but that we also protect ourselves and our interests while doing that.



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Q326 **Chair:** Minister Scully, your area of interest is clearly more on the BEIS element and therefore on bringing investment into the UK. Did you feel that there was concern about being over-protective—that the Foreign, Commonwealth and Development Office was seeking to be too defensive? How were your concerns addressed?

**Paul Scully:** The fact is that we have a Bill, after due consideration and a long drafting process, working with our partners to make sure that it has the right balance. We have determined the meaning of national security. It is a question of law and it has already been answered by the highest courts of the land, but we wanted to make it flexible to show that we were not going to be determining any of these issues in anything apart from national security—so, not in the national interest or in terms of politicisation, but purely on that scope. That is why it is so important that we continue to work with the FCDO on this.

Q327 **Chair:** You have mentioned national security. You will be aware that this Committee made some recommendations, including putting forward an amendment, which wasn't accepted. I know Bob Seely will want to ask about that. Could you set out, briefly, the Government's position on why it did not accept that amendment, so that the Committee can appreciate that?

**Paul Scully:** I appreciate the Committee's work and consideration in coming up with that amendment, and each Member's contribution to the debate. National security is strictly about the security of the nation. The Secretary of State's work on this is expressly predicated on investigating and addressing risks to national security, but it doesn't set out the circumstances where it may be considered a risk within this Bill. It is a long-standing position of the Government to ensure that national security powers are sufficiently flexible to protect the nation. We know that national security risks are multifaceted. They are constantly evolving and what may not constitute a risk today may in the future.

**Chair:** Bob, you wanted to come in.

Q328 **Bob Seely:** There are two elements to that question for the Minister. I thank him for being here. He said that we had agreed the meaning of national security. Just for the record, the fact of the matter is that we did not agree a meaning for national security, because when this Committee proposed a definition of national security, the Government didn't accept it and there is no meaningful definition of national security in this Bill. Can the Minister confirm that?

**Paul Scully:** What I am saying is that the meaning of national security is a question of law. It is something that has been answered by the highest courts in the land. It has been tackled at that level. But we need to make sure that, within the context of this Bill, we retain the flexibility to make sure that the Bill is fully future-proofed. If you start to define national security within this Bill, you also start to define what it is not, which can have implications and show hostile actors where we couldn't intervene, so it can have unintended consequences on other national security legislation as well.



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Q329 **Bob Seely:** Look, I am not trying to be difficult, but for the record, what the Government and the Department say bears no relationship to the truth, because what was being proposed—and what other countries, like the United States and Australia have done—was to define national security not as an enclosed definition but as a benchmark definition.

For the Government to turn around and say, “In fact, we are not going to accept any definition, just in case we want to be flexible,” has no meaning in language. We proposed “including but not limited to”, as most people do when they propose definitions. Why does the Government keep on saying something which is meaningless?

**Paul Scully:** I understand that some people within Government and obviously some Members want to be able to define national security in the Bill so that they can understand how the Secretary of State will use his powers. That understanding will be provided by the statement that the Secretary of State must publish before using those powers. We understand the general meaning of national security within UK law, but I do not think that the Bill needs to add to that in order to retain flexibility, and what we do not want is those unintended consequences.

Q330 **Bob Seely:** If you understand a meaning of the definition of national security, and if it is so easy to define, can you define it for me?

**Paul Scully:** I did not say that it is easy to define; what I said was that the general meaning is there.

Q331 **Bob Seely:** Can you define it?

**Paul Scully:** We have to make sure, as I have said, that we retain flexibility but also show to business the kinds of examples of how the Secretary of State will use his power. That is what the statement mandated by the Bill will demonstrate.

Q332 **Bob Seely:** Can you provide a meaning for national security now, then?

**Paul Scully:** As I say, it is not a simple definition; otherwise we will be here for two hours talking about wider national security issues. None the less, businesses and people who are looking to invest want to know how to use the powers, and that information will be provided by that statement.

Q333 **Bob Seely:** But if you do not provide a definition, how on earth will businesses know what the definition is?

**Paul Scully:** Because there are plenty of discussions, plenty of papers and plenty of work in other areas where that has been defined and continues to be defined. The Bill is not just about invoking powers in a year’s time, because it will be in use for years to come. That is why we will continue to consult businesses. We will have regulations that will follow within the exemptions, and we will further define the way in which the legislation will be used and how the Secretary of State will be able to use his powers. Essentially, that is what the Bill is trying to achieve, rather than encroach on other parts of our security regime.

Q334 **Bob Seely:** If it is not being defined here, can you provide me with an



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example of where it is defined anywhere by the British state?

**James Cleverly:** Chair, would it be appropriate for me—

**Chair:** If you want to answer the question.

**James Cleverly:** I understand the point that is being made, but we should remember that the UK has worked within a national security environment in various forms that has not been codified forever. Government Departments and our agencies work with “national security” as a concept. It has not had a codified definition throughout that period. That concept has been successfully used to steer Government activity.

Ultimately, there is a broader conversation to have about a codified constitution, and it is something that comes up periodically. I am not necessarily sure that this particular Bill, which is limited in scope and very specific in function, is the most appropriate vehicle for a broader debate about a codified constitution. Other countries do have such constitutions and there are advantages and disadvantages. For the most part, we do not have a single codified constitution with definitions of such things.

Q335 **Bob Seely:** I am not talking about a codified constitution, and as you say, Minister, there are pros and cons to that. I am just saying that if we are talking about national security, for anyone who has done any academic work beyond a BA, or indeed has written anything, if you are talking about a subject, you need to define it.

It does not necessarily help us that we do not actually define what we are talking about, but we glorify a vagueness in the way we do business. We could say that that is fantastic and proof of how farsighted and flexible we are, or we could say that given that all our allies do take measures to codify this matter in some way, it might make for good transparent government to know what we are talking about. That is the point.

**James Cleverly:** The thing is that we have never codified this. We have national security apparatus without having codified it previously, and I think we have been, for the most the part, very successful despite not having a codified definition of national security. I understand that we may well come on to this further in a discussion about the desire for clarity and certainty.

I think this Bill takes some very big and important steps towards giving clarity and certainty, including a defined list of mandatory reporting sectors—that is a big step in the right direction—as well as timescales and frameworks which impose obligations on Government in terms of how quickly we make decisions in this area. All of those are very positive, but none of them is dependent on having a codified definition as opposed to a case law definition of national security, which we have never had up until this point.

**Paul Scully:** Indeed. I think it is actually more relevant to business, rather than academics, that they understand how this is going to be used. That is why, as I say, the statement will include details of the kinds of national security risks that the Secretary of State is particularly interested



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in—as I say, they are multifaceted and evolving. During the Bill’s Committee stage, we heard from a number of experts who advised against a definition of national security. The quote was that it would be a “fool’s errand” to attempt a comprehensive definition and that it would be unhelpfully out of date pretty soon. That is the tension that we have—to make sure that we could have that flexibility.

**Q336 Bob Seely:** May I just ask one tiny additional question of Minister James Cleverly? You say that we don’t codify national security in this country. Are you aware of any definition of national security that is in any way written down, that the Government works from—yes or no?

Secondly, do you think that that lack of clarity and transparency in a definition may be one of the reasons we have found it so difficult to deal with covert threats coming to our country? If we don’t know how to define what we are dealing with, you don’t have to be a rocket scientist to realise that we may then find it difficult to deal with.

**James Cleverly:** I am not sure I agree. The short answer, as Paul Scully was saying, is that, like much of our law, we have a blend of statute law and legal precedent. That is nothing unusual, not just in this sphere but in loads of areas. We have evolved with it, and like any creature we evolved to successfully exist in the environment that we find ourselves in.

So the UK works well in this mix of codified and case law. That partially answers the second part of your question. I cannot speak for all Ministers but I have not been confronted with a situation that strikes me as being made more difficult because we don’t have a codified definition.

**Q337 Chair:** Following on slightly on that theme, may I ask about the scope of legislation? One of the issues that came up before us was that various legal sources told us pretty specifically that the danger was simply that this could overload the system, and that there could be too many people filing unnecessarily—not maliciously but simply out of cautionary zeal and seeking to cover their backs, just to make sure they are not in trouble later. Would you not feel, Minister Scully, that perhaps a little bit of tightening of that would have helped?

**Paul Scully:** You will have seen the impact assessment, which looks at the expectation of cases that are coming through, but we have worked, and continue to work, with businesses to make them aware. The fact is that, effectively, we are bringing our regime up to international standards and learning from other nations, making sure that businesses can understand that there is a defined timeline for us to determine their cases and that there is a slicker system to do that.

We will continue to work with them to ensure that that screening regime is understood—the fact that is not going to be political interest or even national interest, but specifically national security—but I think that statement will help. I don’t know if Sarah or Jacqui want to come in on that earlier consideration.





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**Jacqui Ward:** Only to elaborate on your point, Minister. As well as the statement that you referred to, we will have guidance that we will be developing with and for business, and we have engaged business throughout the creation of this policy and legislation, and will continue to do so.

Although we acknowledge that there is uncertainty in estimating numbers of transactions, and the impact assessment acknowledges that we might see more in the early stages until the regime settles down, in very large part we think that can be managed through the continual business engagement that we have been doing.

**Sarah Mackintosh:** Just to add that we will be formally consulting on the statement as well.

**Chair:** Thank you very much. Graham Stringer, you wanted to come in.

Q338 **Graham Stringer:** I have a question for Minister Cleverly. My initial thoughts on looking at which would be the lead Department on investment screening would be that that would naturally fall within the Foreign Office. Can you explain the thinking behind making the lead Department BEIS?

**James Cleverly:** You make a good point. With the nature of commerce, and particularly with the UK being a very internationally focused and outward-looking business environment, there is going to be a significant international element to much of our business. But ultimately, this is about businesses. Therefore, the explicit Government Department with business—it does what it says on the tin—is the business Department.

That said, it is incredibly important that we make good on the philosophy that underpins the Integrated Review by making sure that all bits of Government work closely and effectively with each other. Again, I don't know whether I am running ahead of your questions, but that is why we have a hub and spoke model. We have the core team in BEIS, with the spokes being teams embedded within other relevant Government Departments that the core team can plug into, draw down knowledge from and work collaboratively with.

This is a proper cross-Government piece of work, although at its heart it is about businesses and business practice, and therefore in BEIS.

**Paul Scully:** I would just add, Mr Stringer, that it already has the ability to bring in the prosperity and security expertise from other sectors. We are already the lead for many sectors, such as civil, nuclear, energy and quantum technologies, so a lot of the businesses that will come within this regime are already a BEIS lead. That may help.

Q339 **Graham Stringer:** There is always friction and impedance when you have a bureaucracy and two or three Departments involved in anything. How can you reassure me and the Committee that investment will not take priority over security in these discussions?



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**Paul Scully:** As I say, that is why we have specified that this is in the national interest. This isn't a party politicisation of anything; it is specifically on national security. What investors have been telling us as we have been consulting them in the drafting of this Bill is that, as long as we are really clear about the purpose of the Bill and the regime, the national security element that we have been talking about in the lead-up is less of an issue.

Sarah, I don't know whether there is anything else that you want to talk about in terms of the early engagement that we have had on that.

**Sarah Mackintosh:** Only to add that, as we have mentioned, while the unit may well sit in BEIS, it is going to be very much a cross-Government effort. We will work with other Government Departments that are the lead for security, to provide robust advice for the Secretary of State to consider in a quasi-judicial manner.

**Graham Stringer:** Thank you.

Q340 **Royston Smith:** On the tail end of that, if there are any disagreements between national security and investment, how will these disputes be resolved between what is good for BEIS but what is not good for national security?

**Paul Scully:** As I say, it is not a matter of one or the other, in terms of what is good for BEIS or national security. It is all about national security—that is the sole driver of this—but it sits with BEIS because of our ability to convene that expertise across various areas of national security. Ultimately, it is the Secretary of State within BEIS who will make those decisions, but they will be informed decisions—exactly as Minister Cleverly talks about—because of our bespoke model and because we will be working with our partners across Government, especially the FCDO.

The Secretary of State will be taking those decisions and being that final arbiter that you are talking about, but then it can obviously be progressed beyond that to judicial review if people are not satisfied with those decisions.

Q341 **Royston Smith:** I can understand that the Secretary of State would be the final arbiter, but what would be the escalation route, then, in the event that there was disagreement?

**Paul Scully:** Essentially, that is the escalation route. We already have situations within Government where you might have the Secretary of State for DCMS making decisions, because it is a quasi-judicial decision that he will be taking.

You can see it with the Secretary of State for MHCLG and certain decisions he might take, or the Secretary of State for DCMS and certain decisions they take—again, quasi-judicial. He will be that convener, taking that quasi-judicial decision himself. Then, as I say, being a quasi-judicial response and answer, that will then be answerable and be able to be





escalated to the courts should the people making the notifications, or making those transactions, not be satisfied.

Q342 **Royston Smith:** Only for me, Paul—because I am not entirely sure I get the route, really—who is going to report what to who before it gets to the Secretary of State? What is the mechanism for doing that?

**Paul Scully:** Basically, the notification will come in. The ISU—Jacqui’s team—will work with our partners across Government Departments to make sure that we have all the information in as to what decision needs to be taken; should it be a decision that we want to investigate, we can either give them the “No, we don’t want to investigate it further” or the “Yes, we do”.

If we do want to investigate it further, that will go to the Secretary of State for decision, but it will be an informed decision, having compiled that information from across Government. Jacqui, does that sound a reasonable summation of your process?

**Jacqui Ward:** That is quite right. I think it is important to say that Secretaries of State in other Government Departments will, of course, have an opportunity to make their views known. They might do that through their officials; perhaps in the earlier stages of the process, they might choose to do that in representation to the Secretary of State, but ultimately, he is the decision maker and the arbiter. It is not a committee decision, and he has his quasi-judicial responsibility to weigh the evidence, which—as you have said, Minister—will be drawn from across Government Departments, and will take account of the economic and national security consideration.

I completely acknowledge and recognise the tension that you are describing. That is something that we are working through—exactly how the governance for all of this will work up to the Secretary of State—particularly given that we have made commitments in legislation that these decisions will be taken quite quickly.

I do recognise the tension, but I would also say that I do not think there should be a binary distinction between national security and business and investment. Actually, it is good for the business and investment landscape if businesses are protected from any hostile interventions and can feel confident investing in the UK because of the strength of our regime. That is overall what we are trying to achieve with the legislation and the regime.

**Royston Smith:** Thank you.

**Chair:** I am just interested in your point there about the Secretary of State being the ultimate decision maker, which clearly I accept. This is very clearly not a Cabinet responsibility: this is a specific responsibility for a single Minister. I am seeing nodding there. Bob, you wanted to come in.

Q343 **Bob Seely:** Just very quickly, back to Minister Scully. Paul, just for my understanding, you said just now that it is all about national security, and



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that was the sole driver of this. If it is primarily about national security and that is the driver of this, why is the BEIS Secretary of State making a decision, even given that he or she will have cross-departmental advice? The reason why I ask that is that Australia and the US have a more transparent process, whereby other Government Departments have a higher-profile role, looking at this as part of a collective.

**Paul Scully:** As I say, we already have within the Department—this is why it sits here and therefore there is the channel through the Secretary of State—the expertise and experience to bring together the prosperity agenda with the crucial security agenda that we are talking about here.

A lot of the sectors, as I say, will be familiar to the Secretary of State and to the people working within this Department, because you are talking about civil nuclear, quantum technology—all the kinds of business that are likely to come within a notifiable event are already coming through BEIS.

So that is why it is sitting with us; that is why it is sitting with the Secretary of State, but clearly he will be able to reach out to other Government Departments, and will reach out, because there will be those cross-departmental issues. But we will still have scrutiny of it. As I say, the statement will actually demonstrate how he is going to be using it, but the annual report will clearly show what he has been doing.

Q344 **Chair:** May I ask briefly about the new ISU that is being set up? Clearly, having connections around the world is going to be important. Can you just confirm, Minister Cleverly, that there will be FCDO staff in it?

**James Cleverly:** The unit will be BEIS staff, but, as I say, with the hub and spoke, they will have a very, very close working relationship with their subject matter experts in Departments. In our Department, it's Chris Rampling; the team will sit in Chris's department. And we envisage that they will be, if not indistinguishable, working very, very closely, in terms of feeding information in to make decisions, but also, once decisions are made, if they have an international relations implication—no doubt some of them will—the FCDO team in the spoke will be involved in the dissemination of the decision, the international handling.

So the physical location—who sits at what desk—is, I think, perhaps less important; the really important thing is that the working relationship is largely seamless.

Q345 **Chair:** I accept your position. The only thing I would say is that we have all worked in integrated teams before and it does make a difference if you are actually in the same room or not. I have nothing but respect for Chris Rampling and his extremely impressive record of work in the FCDO in many different challenging environments.

But I would urge you to consider having the sort of liaison officer model in which you have an FCDO staffer inside the ISU at the very least, and maybe even a joint unit. I will leave that there for you to consider, and perhaps you would be good enough to write to the Committee about it.



**James Cleverly:** Yes; thank you. On the broader point, the staffing and the numbers of people are still a work in progress. I will feed that in. I know the model that is being alluded to, and I know that is a model that works well. Ultimately, the driver is for this to be an effective output machine, rather than us being overly wedded to particular structures.

**Paul Scully:** I should say as well, Chair, that from day one the ISG, the secretariat for the existing ISG, will come under the ISU, so there will be skilled, experienced people from the FCDO feeding in directly.

**Chair:** Feeding straight in, yes. Thank you very much for that. Chris Bryant, you wanted to come in.

Q346 **Chris Bryant:** How did BEIS come to the figure of 1,830 notifications a year? I ask because various people have suggested that it might be considerably higher than that. And when answering that question, Minister Scully, perhaps you could talk about how you make sure that you have enough staff to deal with both that number and what may be a much larger number.

**Paul Scully:** That figure is from the impact assessment and based on a settled figure after we have gone through the introduction and worked with businesses, understanding that, while businesses are getting to understand this as we are going through building up the ISU, there may be higher notifications.

That is the settled figure going forward, and it's based on a number of data sets, including the ONS and the Capital IQ data—so it's publicly available data—on the kind of businesses, the M&As, that are coming through and that are likely to be notified.

But clearly we will make sure that we continue to work with businesses to ensure that they fully understand what does and does not need to be notified, and we will make sure that we work with all the representative organisations, as well as with businesses directly.

In terms of resourcing, it is early days at the moment. It is the responsibility of our permanent secretary in BEIS to make sure that it is correctly resourced, and we will resource it with the human capital required to cope with demand, but it is also down to good training as well, making sure that the people within the unit can flex and work across various processes to be able to cope with peaks and troughs of demand.

Q347 **Chris Bryant:** Will any of that process be automated or use artificial intelligence?

**Paul Scully:** There are no plans to use artificial intelligence at the moment; we are just working through the basic processing management software. Clearly, if something comes up, I am sure we can look at it, but at the moment there are no plans to use AI.

Q348 **Chris Bryant:** How fast do you intend to turn these around?



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**Paul Scully:** Jacqui, do you want to cover where we are going at the moment?

**Jacqui Ward:** Absolutely. As I am sure you know, the legislation sets out the different stages for the initial notification and response, and whether there might be then be a decision on a call-in. Then there is another period of time in legislation where—in the most exceptional circumstances; we envisage that this would only happen in the most complex cases—there is an opportunity to extend. We will work within those timetables as set out in legislation.

**Paul Scully:** I think that is what gives businesses the certainty as well—the fact that we are committing to those targets in legislation means that businesses fully understand that. That is why we need to flex both in terms of the good training across the unit and in the numbers as well, to continue to give businesses certainty moving forward.

Q349 **Chris Bryant:** So it is 30 days for the vast majority of cases?

**Paul Scully:** Yes.

Q350 **Chris Bryant:** I just worry about this initial setting-up period. I understood you to say that there may be many more at the beginning, but you are still building up the team. How are you going to make sure that it does not fall on its face in the first few months?

**Paul Scully:** Clearly, we are building up the team—Jacqui will come in on this—but we are not at Royal Assent, so we obviously have some time to be able to do that. However, from day one, when it comes on, we will have a fully fledged team there.

**Jacqui Ward:** I was going to make exactly that point—we will have the team fully up and running from commencement. The second point I was going to make is that, within the impact assessment itself, you will also note that it has estimates for what I think is termed “early engagement with Government”, which will also be staffed by the ISU.

That in some way accounts for that category of notifications that we were discussing at the beginning, when somebody might not be quite sure whether they may need to make a notification or not, whereas our estimate of notifications is based on those that are correctly bound and scoped within that sector of the economy.

We are undertaking the early engagement with the Government now, and businesses are in touch with us to inquire about particular types of transaction. Obviously, we cannot give binding guarantees at this stage, while the Bill is still in Parliament, but we are able to give an indication of the kinds of things that would and would not be in scope.

Q351 **Chris Bryant:** I turn to Minister Cleverly. Obviously, posts will quite often have a view on a potential transaction and whether it is in danger of being unsuitable. How will that information move from posts to BEIS?



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**James Cleverly:** Between FCDO, in King Charles Street, and BEIS, the hub and spoke model that we discussed will come to the fore. We have a very well-established way of our Her Majesty's ambassadors and high commissioners feeding information from posts to desk—sorry, I am using FCDO terminology—from our ambassadorial network through to the country-specific subject matter experts here in FCDO. That is a very well-established, well-practised and slick running-on-rails operation, as you would expect and as we demand at ministerial level. That then will feed into the hub, in Chris's team, and then the relationship that we just discussed between the FCDO team and the BEIS team would cut in.

The only new bit—this isn't completely new, as Paul Scully has just highlighted, so the only bit that would be slightly novel—would be the interrelationship between the hub and the spoke. The bit between country and King Charles Street is very well established.

Q352 **Chris Bryant:** I know we are dealing with this in a very high-falutin' sort of way, rather than in practicalities. Let us say that there is a country with whom we are at a sensitive stage, for whatever set of reasons—it might be an authoritarian regime, which does not necessarily play by the rules of, I don't know, extradition, criminal justice for people with dual passports or with dual nationalities, or whatever—and a case comes along of a company that you are not very happy with; who does the balancing of the diplomatic needs in post, the security needs in the nation and the business needs of the company concerned? Who decides, in the end?

**James Cleverly:** A theoretical country—because it is very important that this process is country-agnostic—

**Chris Bryant:** Absolutely, yes.

**James Cleverly:** So we pick a country where we have some concerns, but where we also have a business relationship, or where companies have a business relationship—where they are looking perhaps to acquire a significant stake in a UK-based or a UK company, for example.

We would have the transfer of material from post. Some of that might well be of a low classification and it comes through the traditional reporting processes. If it is at a higher classification, or at a secret classification, obviously we have the ability to transfer that information, and if concerns were being expressed in a particular area by our ambassador or from the agencies based there, that would come through in, as I say, a very well-established way of transferring information.

That would then get passed to Chris's team. We do the assessment and the value-add to the raw intelligence—all the things that you would expect, and ultimately that gets fed through to the team in BEIS, with the recommendations of where we need to be cautious or might need to mitigate, or with reasons why we might want to prevent this completely. As Jacqui said, ultimately then, the Secretary of State for BEIS makes that decision based on the information that they have received, based on



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balancing risks and opportunities, as we do with all elements of international relations.

That decision, once made, as Paul said, is judicable, so if the company involved feels that the decision has been made badly—if it is the wrong decision—that is the checks and balance there. Then, that goes back out to our ambassadorial network and the teams in post to deal with the repercussions of those decisions, whatever they may be. Non-classified and highly classified information will be passed backwards and forwards through the well-established processes that we use for the transmission of other sensitive information from post to the FCDO.

**Q353 Chris Bryant:** I was going to ask about clearance levels, because you just referred to classified and highly classified. I cannot remember what the three levels or five levels are, but in the past there was certainly stuff that was only seen by certain Cabinet members, not all, and certain Ministers in the Foreign and Commonwealth Office—stuff from Vauxhall Cross and so on. I presume that that remains the case, so I just wonder how clearance levels will change to enable this process to happen in BEIS.

**James Cleverly:** I would have to let BEIS answer that, but from the FCDO point of view, where the team will physically be located here in King Charles Street means that they will be able to deal with the most sensitive of information. We are talking about the national security implications of commercial decisions—basically, that is what this Bill is all about—and therefore, by extension, we expect that, at times, information will be at very high levels of classification. Structurally, the team is set up to be able to deal with those sensitive and highly classified pieces of information, as and when. I do not know whether Paul wants to come in.

**Q354 Chris Bryant:** I do not want to pry into this, I just want to raise it as an area of concern; that's all. There are probably lots of things that you cannot say in the public domain, which I am relaxed about.

**Paul Scully:** Sure. Jacqui, I do not know whether there is anything else that you want to say.

**Jacqui Ward:** All I was going to add is that, as Minister Scully mentioned, the BEIS Secretary of State does look after some sections of critical national infrastructure already as part of his or her responsibilities. As well as the clearance level, which will be set at the appropriate level, there is obviously the principle of need to know, and I do not think it would be a problem to support him or her in that quasi-judicial decision making.

**Chris Bryant:** Chris, you wanted to say something.

**Chris Rampling:** It is pleasure to be here. All I would say is that from the FCDO perspective, making sure that all the right people have the right information is not something that will be new with the NSI Bill; this is something that we have been doing for many, many years. It is one of the reasons in particular why the FCDO cell sits in my directorate rather than in others, so that we are then clear that everyone there has the right





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clearances, the right access and the right relationships. The other thing I would say about how the information flows is that it is not, of course, as Members will be aware, a one-off process. As soon as we get the notification it is not that there is a round of information and then it stops; this is an ongoing process. There is a very open exchange—obviously respecting departmental lines—between the different parts of our systems, and that is something that we are quite used to doing.

**Chris Bryant:** Fine. I have always thought that the use of the word “cell” is a bit odd in that context, but I get the point you are making.

**Chair:** Bob, you wanted to come back in.

Q355 **Bob Seely:** Yes, I do. Jacqui is probably the best person to ask because she has seen this process through for the longest, and I do not think that I am doubling up on what has been said—I am sure the Chair will tell me if I am. What were the pros and cons of adopting the US CFIUS model, or indeed the Australian model, which is more transparent and under which you have more obvious transparent input from different Government Departments? And why did the UK not go down a CFIUS or an Oz CFIUS, for want of a better term, route?

**Jacqui Ward:** Forgive me, Mr Seely, I have only recently joined to implement the legislation but Sarah has been taking through the Bill and the policy for considerably longer, so if I may, I will refer you to her.

**Bob Seely:** Sorry; that question is for you, Sarah. Apologies.

**Sarah Mackintosh:** No problem. I have a couple of things to say. First and foremost, there are pros and cons to the US and Australian regimes, as you would expect. We have learned an awful lot from their regimes, and we have really valued the engagement that we have had, but fundamentally, decisions by committee generally tend to take longer; I think that the US regime has its critics around the length of time they have taken for decisions.

I think that some people might say that the US system is not as transparent as you are suggesting. So there were definitely pros and cons, and similarly with the Australian system. Fundamentally, when we consulted business we heard that timing is key, and that hitting that 30-day window for decisions was key for them to be able to ensure that we did not chill investment. We also thought that having the consistency in decision making was really important as well, and I think decisions by committee can sometimes not be quite as consistent and can take longer, so ultimately we went down the route of having a single decision maker.

Q356 **Bob Seely:** That is a very consistent answer, which is good. You say you consulted a lot with business. Did you also consult with the agencies and with national security folks to provide that balance?

**Sarah Mackintosh:** Indeed we did. In fact, they sit on a steering board for the NSI Bill, so we very much report to them and have very regular meetings with them. They have been on us for the whole length of time since we started this.



Q357 **Bob Seely:** Finally, just on this point, I have been led to believe that business competitiveness was a core reason why we did not go down a CFIUS route. I am not saying that is for good or bad, but do you think the requisite attention was paid to security issues, especially with the somewhat confused dual-use world that we are beginning to inhabit where gate technology, AI, big data—all these things—can be used to do great harm, as well as being incredible business opportunities?

**Sarah Mackintosh:** I think we have learned an awful lot from the regime as it stands—the one that we have before we bring in the NSI regime—and the way that we have worked with the security services. Certainly, we have come to a conclusion and made a mutual decision that the best option for this regime is to have a single decision maker, and that has been supported by all of the Departments and the agencies.

Q358 **Bob Seely:** With the proviso that that decision maker is looking to drive business—very rightfully; that is BEIS's job—rather than national security. Do you think that might be a flaw going forward, or are you confident that the Minister, the BEIS Secretary of State, will still have the requisite checks and balances presented to him by all the bits of Government that need to be involved in this?

**Sarah Mackintosh:** Certainly, I don't see them as conflicting interests. I don't think we can have a prosperous economy without it being secure, and I think that is why the Business Secretary is a good person to make the final decision, but ultimately, he will not be making that decision in a vacuum. He will be provided with robust national security evidence that is provided for him by the agencies to enable him to support that decision, so I think that the processes set behind giving him the evidence are well supported by the agencies, and I think he will be in the best position to make a robust decision based on national security and prosperity.

Q359 **Bob Seely:** And that definition of national security is an ill-defined definition of national security. Are you comfortable with an ill-defined—not a defined—version of national security?

**Sarah Mackintosh:** We have worked in that remit under the current regime, under the Enterprise Act. That does not have a definition, and yet I think we have still been able to work within those parameters. It has been very convenient to have flexibility to make decisions quickly with regard to emerging national security risks.

Q360 **Chair:** There are just a few more bits, if I may, that we will go through as we tidy up on this Bill, before we come to a few follow-ons on the Foreign Office in particular. The first bit is on holding the Minister to account. This is an individual decision; this is not a Cabinet decision. Will he be answering to a Committee? Will there be a Committee set up in Parliament to do so? Otherwise, I can volunteer this Committee to make sure that his decisions are scrutinised.

**Paul Scully:** The BEIS Select Committee is placed to be able to scrutinise it. Similarly to what we were talking about, whether BEIS should be able to lead on this, the BEIS Select Committee already works on areas of



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critical infrastructure and being able to scrutinise that as well. We clearly need to make sure that we have scrutiny over this, but also there will be the annual report, as I say. That will be published and will be able to be viewed.

Q361 **Chair:** In terms of looking at other countries, will there be a formal engagement process from Parliament as to how different countries are looked at, or will this be one of those things that is done behind the green BEIS door?

**Paul Scully:** If I understand your question rightly, this is country-agnostic—that is why it has been set up in this way. On the whole, these cases will be taken on their merits with each notification.

**Chair:** Okay; so it will be company by company, rather than country by country?

**Paul Scully:** Yes.

Q362 **Chair:** Will the Government also be actively trying to monitor the transactions that were not notified or were otherwise missed?

**Paul Scully:** In terms of our proactive approach, yes, that is something that we are working up and planning on. The current system is based on voluntary notification, clearly, and we are building out from that, essentially. That is something that we are looking at, to instil a degree of a proactive approach.

Q363 **Chair:** May I just ask about co-operation with other countries? Clearly, there will be a huge amount of overlap. We are looking at a situation in which many companies nowadays are very intimately connected with three, four or five countries, often in like-minded jurisdictions. Will you be looking to work with similar jurisdictions—the European Union, the Commonwealth or whatever it happens to be?

**Paul Scully:** Yes. Clearly, we have good relationships and conversations with other countries, including Five Eyes, for example. We will continue to talk to EU partners to see where we can go, in terms of collaboration with them. It is important that we reach out and continue those conversations.

Q364 **Chair:** For things like the European Union, for example, will that be a matter of BEIS leading on that discussion, or will that be a matter for the FCDO, or even for the Cabinet Office, now that Europe policy has been devolved to the Cabinet Office under Lord Frost? Will it be for him, or will it be for one of your two Departments?

**James Cleverly:** To pick up on the point that Chris was making, ultimately this will be—as it is already, to an extent, through the Enterprise Bill—quite an organic process, in that it will be very rare that something will pop up unexpectedly, unannounced; I cannot envisage a practical or credible example.

There is regular interaction on both a bilateral and a multilateral level with regard to the kind of areas in that list of 17, including on things such as AI, critical national infrastructure, space and so on. We regularly speak



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with our close international partners, both bilaterally and multilaterally, about these kinds of issues. When something emerges that may fall under the scope of the Bill, I think it would be inconceivable that we would not have had a whole series of pre-existing conversations. These things will not pop up unannounced; they will be a prelude to the conversations that we have, both bilaterally and multilaterally, I am sure.

**Q365 Chair:** Thank you both very much for that section. Minister Cleverly, if you are all right, we will cover a few questions, as we have a bit of time spare. Forgive me as I smile at that; I know that you will agree. Given that you are all over your brief, in both diplomatic and development terms, I am sure you will be all over this.

You are lucky, actually: you have exactly the right support person for your first question, because Chris Rampling was an exceptional ambassador to Lebanon—I am sure he will not mind my saying that; although he may blush, we both know it is true.

The Lebanese Republic is struggling hugely under the weight of migration, mostly of Syrian refugees. This is a country that the UK has invested enormously in, both in supporting the Lebanese armed forces and in direct development aid for those refugees, yet we hear rumours that the cuts in the aid budget will see a lot of that aid disappear.

Clearly, that poses a strategic threat not just to Lebanon but actually directly to us, because the likely movement of people is going to be westward towards Cyprus, towards our sovereign base areas, towards our allies in Greece and indeed our NATO allies in Turkey. Could you please tell us that the UK will be continuing with strategic assistance to the Lebanese Government?

**James Cleverly:** We are going through the process at the moment where we are allocating our ODA expenditure for the forthcoming year, so you will have to forgive me; I am not able to really discuss that. You make a broad point about the fragile situation that Lebanon finds itself in. I was, while Chris was still HMA over there, in Lebanon at the tail end of last year.

One of the things that I saw and that has been widely reported is a seeming unwillingness of the political class in Lebanon to work with each other. As you will know, they have a very factionalised political system and there has really been a failure of collective engagement at the political level. That makes UK Government support for Lebanon considerably harder to deliver—in that de facto political vacuum. We have to be conscious of that.

We have ongoing support for the Lebanese armed forces. You will have seen just at the tail end of the year, or the early part of this year, that we delivered a number of vehicles to support the Lebanese armed forces, and we will keep a very close eye on what we can do to help support Lebanon, but until there is, basically, a functioning Lebanese Government or political system, it makes it very hard to deliver. We are going to have to make choices about where we give our support to maximise the good that we



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do. At this stage, until budgets are finalised—and they have not been finalised yet—I am not able to go into more detail about that.

Q366 **Chair:** Okay. You will have seen, however, reports this morning of subsidised food coming under increasing pressure. You will have seen reports of the society really struggling. This is clearly a matter of enormous concern to many of us.

Can I perhaps go on to another area? We have heard, quite rightly, in the Integrated Review, about the strategic interests of the Government, and a lot of that has focused on the Indo-Pacific—unsurprisingly; that has been well signalled. Does that mean deprioritising the Middle East?

**James Cleverly:** The Middle East remains, for some of the reasons that you have just highlighted in your question about Lebanon, an area of both concern but also opportunity. We have got some of our perhaps longest-serving bilateral relations with that region. The importance that we hold this region in has remained undiminished.

We have to respond to, perhaps, an eastward shift in the centre of gravity of both political and economic activity, and our increased focus on the Indo-Pacific is a reflection of that, but I can absolutely assure the Committee that our relationship with the Middle East and North Africa is going to remain a high priority. We have seen the economic impact of coronavirus, which means in the short term our ability to apply financial resource has been squeezed everywhere; but in terms of political energy, diplomatic resource—that will be largely undiminished, and we will protect some of those very important regional and bilateral relations.

**Chair:** I wrote to the Foreign Secretary earlier this year about the question of prioritisation and he certainly did talk about different areas, but he did not mention the Middle East. I have no doubt that you will, but I would be very grateful if you would make sure that our interests in the Middle East are not dropped simply because of a focus on the Integrated Review's prioritising of the Indo-Pacific.

I would also be grateful if you would talk to Defence colleagues about our ships' commitments to the Persian Gulf. You will know that this is one of the areas where the United States particularly values our Defence engagement, certainly in terms of minesweepers, so as the shift east increases I would be grateful if you would raise that. Chris Bryant, you wanted to come in on some of the Middle East questions as well.

Q367 **Chris Bryant:** First of all, Minister Cleverly, we have been referring to the impact of Syria on Lebanon. Looking back over the last 20 years, during which the UK has adopted different attitudes in Iraq, in Libya and in Syria, which of the three do you think we should be most proud of?

**James Cleverly:** That is a great question—thank you!

**Chris Bryant:** Thanks.

**James Cleverly:** I think UK Governments of all political hues have attempted to do what they perceived at the time to be in the best



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interests of not just the UK. It has not just been about narrow UK national interests. I do not think anyone would look back and say that every judgment call we made was right. There are still some real challenges in that region.

Hindsight is a wonderful thing. But I have always felt that any Government Minister that starts an answer with the words "in hindsight" should have the rest of the sentence disregarded. Hindsight is one of those things you do not get a paragraph on when you get a submission from your civil servant.

But I think we have been doing some admirable diplomatic and developmental work and military engagement to protect displaced people in North-West Syria. Some of that work I am not able to discuss in this Committee. We have recently been doing some very good economic engagement work with Iraq, trying to help them get economic stability into their country. We have been working very closely with Baghdad and Erbil to try and help stabilise the Iraq economy.

So I think we are doing some very good work in some incredibly difficult and complicated environments. We will continue working, despite the fact these environments are difficult and protracted, because it is the right thing to do. That will underpin our foreign policy on the Integrated Review.

**Q368 Chris Bryant:** I am not really asking you to do hindsight here. I am not asking you to decide again the rights and wrongs of what happened in relation to Iraq. I am simply suggesting that we intervened in a particular way in Iraq, we intervened in a particular way in Libya, and then, for all sorts of different reasons, we did not intervene in Syria, other than to try and mop up some of the pieces once they had got outside of Syria. I just wonder whether we are going to have to find our nerve again somehow or other, or get to more of a steady state in terms of how we make assessments of where we can and cannot have British boots on the ground.

**James Cleverly:** I think you make a very good point, and I think a lot of people will look back at the situation in Syria and run through in their minds what might have happened if. It was a very politically contentious time. I think there are strong arguments and a really important debate to be had about the role of Parliament when it comes to military intervention and the advantages and disadvantages thereof. It would not be useful or fair for me to speculate too much upon that.

**Chris Bryant:** It would be entertaining, none the less.

**James Cleverly:** As I am reminded, the job of Ministers is to inform rather than to entertain the Committee. I think this is a really important issue. We saw it in Syria with regard to that vote about British military engagement. I think a lot of people will look back and see that as an opportunity for a decisive intervention that might—might—have significantly changed the subsequent turn of events.

We cannot know for certain. I think a lot of people would say if they knew





then what they know now, they may well have taken different action, in good faith. It would be very easy for me to get party political about that, and I won't, because I think a lot of people took decisions which they believed to be right at the time, but which subsequently they may have looked back on and regretted.

Q369 **Chris Bryant:** Can I ask you about Saudi? There are reports that very senior Saudi officials issued death threats to the UN investigator Agnès Callamard, who was investigating the death of Khashoggi. It feels a bit as if Saudi Arabia has had a slight slap on the wrist but has not learned any lessons at all. Is that your assessment? What do you say about the death threats to the UN investigator?

**James Cleverly:** I do not have details of that. I think our relationship with Saudi is an important one. I suppose like all international relations at some level, it is a complicated one, but Saudi Arabia is a very important player in the region. It is on a journey of reform. We would like to see that reform go faster and that is something we have communicated regularly with the Saudis. I think when things happen or when Saudi does things that we disagree with, we tell them so and we do so in no uncertain terms.

Through our autonomous sanctions regime, we have imposed sanctions on the individuals involved with the Khashoggi killing. With my interlocutors in the Saudi Government and representatives in the Saudi Government, I speak frankly, without euphemism, about the things where we disagree. But also, as I say, the role that Saudi plays in the region is incredibly important, culturally, in terms of security and in a whole load of other areas. It is absolutely essential that we have an effective working relationship with them and I think that will be the case for the foreseeable future.

There are always calls to engage more, to engage less, to engage differently. We will listen to those calls, but we will always make sure that we have a working relationship with Saudi, because to not do so would not be credible when it comes to Middle East and North African policy.

Q370 **Chris Bryant:** Obviously, I sympathise with the last sentence, but my anxiety is that it always feels as if in these situations Britain writes a stern letter and that is the end of it. If I were the Saudi ambassador, I would be taking a message away from that that we are not really very interested—"Move on, please, there's nothing to observe here."

**James Cleverly:** No, I think that is a deeply unfair assessment of our relationship. We have had frank conversations about Saudi's human rights record. We will be supportive when they take steps in the right direction and some of the liberalisation of women's rights in Saudi we have welcomed, but we have also been critical, for example, of their treatment of women's rights advocates and defenders. We have done so publicly.

Where they have taken steps that we believe to be in a positive direction, we will support and reinforce that, but, as I say—this is true of our bilateral relationships with all countries—there will always be people who feel that we should take a firmer line and people who feel that we have



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taken an overly firm line, and we have to make sure we do what we believe to be to be right. That is not easy in any bilateral relationship and that is no different with Saudi.

Q371 **Chris Bryant:** One more question from me, which is about the Benin bronzes. As you know, looting from Africa in previous generations has been a key point of friction between several countries in Africa and the UK. Berlin has just announced that all the Benin bronzes there will be returning to Africa later this year. Do you think that that is going to put significant additional pressure on the UK and, in particular, the British Museum? Do you have a view on that? If this is blindsiding you, I am terribly sorry; please feel free to write to us.

**James Cleverly:** This isn't something that I am read into, I must confess. The collection at the British Museum and the future thereof is a very long-standing issue, which I do not have a view on at the moment.

Q372 **Chair:** May I quickly follow that up, given that it is an Africa question and you are the Minister for the Middle East and North Africa? How far down do you go? Does that include the Nile?

**James Cleverly:** My rough rule of thumb when it comes to North Africa is that if it touches the Mediterranean, I have responsibility for that bilaterally, so I do have Egypt, but I don't go into sub-Saharan Africa.

**Chair:** Okay, so the Nile is a moveable feast.

**James Cleverly:** The bit of the Nile that sits within Egypt is mine, and the bits that don't—all of us have a duty to make sure we are aware of the border-related issues with the countries, so of course, where the North African countries that I liaise with regularly have foreign policy going down into the Sahel, I am aware of that, although I do not pretend to be the primary Minister with responsibility for it. That would be James Duddridge, my good friend and colleague.

Q373 **Chair:** I am going to come to Royston in a minute, and Bob is signalling as well, so I will just ask a very quick question. Given your Middle East and North Africa element, you speak in the Integrated Review about the upstream tackling of the drivers of terrorism. Clearly, cutting the aid budget in these areas could be seen, by those who wish to do so, as undermining some of that effort.

**James Cleverly:** There is a point to be made about the duration of various elements. The Integrated Review is designed to look at circumstances over a decade.

We are confronted in the short term—hopefully our excellent vaccine roll-out will mean that the UK economy bounces back more quickly than it might otherwise have done, and the squeeze on our economy and therefore, by extension, the squeeze on our ODA budget hopefully will be temporary and relatively short term. The IR is a decade-long projection of foreign policy, and we recognise that our development spend plays a significant role—but not exclusively—in preventing some of the drivers of insecurity and therefore terrorism.



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Of course, our financial expenditure is not the only resource that we can apply to this. We do still deploy our—I am not going to apologise for speaking with pride about this; we have a genuinely world-class network of diplomats around the world. They are a resource that we will lean on, perhaps more heavily than we have done in the recent past; I make no apology for doing so.

We are very, very vocal advocates of the kinds of thing that hopefully will reduce the risk of terrorism and economic uncertainty—for example, our climate work. We know that climate drives food insecurity, which then goes on to drive migration, terrorism, etc. So a load of the other things that we are doing, in parallel to our ODA spend, address those issues. But, Chairman, you are right: our ODA spend is an important part of it. And as soon as we are able to get that back up to the levels that we have been used to over the last decade, we will look to do so.

**Q374 Chair:** My colleague Chris Bryant raised some of this earlier. We have had various ways of engaging in the Middle East: the rather active Iraqi method, the slightly more standoffish Libyan method, and then Syria. Our former colleague—whom you will remember as well—Jo Cox and I wrote the paper “The Cost of Doing Nothing”, which in many ways we are seeing today.

Despite the three different approaches—we have spent a lot of official development assistance in all three countries in different ways, including in Syria, as you rightly identify—we somehow do not seem to be as diplomatically relevant around the Syrian table as others. Is that a failure of diplomacy or of targeting?

**James Cleverly:** One of the challenges when we compare ourselves in terms of our effectiveness, or our influence, is that some of it is a by-product of geography. If you look at the countries that are very actively engaged, a number of the neighbouring or near-neighbouring countries are very heavily engaged in that. We do have a very high degree of influence. I speak regularly with our partners, both regional partners and NATO partners, about this issue.

It is interesting; I mean, you highlighted the different approaches in those three areas, but all of them are still enduring challenges, and I think the thing that evidences is that there is no simple, “If we had done that, this place would have been sorted by now.” We demonstrated, as you say, three very different approaches, and yet these are three areas where we are seeing protracted conflict and protracted human suffering, which is proving very difficult to resolve. Sometimes I get frustrated when I am told, “If the UK just did this one thing, that problem would go away.” Oh, that the world were as simple and straightforward!

We will—and the IR recognises this—need to get into the habit of understanding that the world is complicated; that it is changing, and changing quickly; that there are significant players and influencers in the world; that we are one of them, and we are a top-tier influencer, but we are certainly not the only one; and that we will need to work in a



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collaborative, international and sophisticated way to try to be a force for good in the world, which is what we are absolutely determined to be.

**Chair:** Thank you very much. Royston, you wanted to come in.

Q375 **Royston Smith:** Can I ask a general question, Minister? I have asked lots of questions about Libya in the past, and I get the ministerial answer of what we are doing there, what we are expecting and how it is all going to be wonderful—and it never is, really. There are lots of initiatives, one after another, that gain no traction or collapse, or something else goes wrong. We are sort of at another place again, maybe. What is happening on the ground, what is HMG's involvement, and what is our policy on Libya now?

**James Cleverly:** We do have an enduring interest in Libya: we are the joint penholder at the United Nations with regard to Libya. We very much welcome the formation of a Government. There have been a number of opportunities for optimism that have been proven to be ill-founded, but we do see an opportunity now.

The various countries that have had an interest and an involvement in Libya have seen that a number of countries are willing to engage enough to prevent defeat, but not engage enough to secure victory, and therefore we have seen this pendulum effect to Sirte, Tripoli, and back again, with the frontline moving, people being killed and people suffering, yet no decisive victory. I think the recognition that no one is going to fight their way to a decisive end to this has now been embedded in the minds of a number of countries, so therefore it has to be a diplomatic, political solution.

We are seeing what could be the structure around which a diplomatic solution could be made, in terms of the formation of the Government. What the UK has called for, both publicly and in a whole series of bilateral conversations, is the removal of foreign fighters: the de-escalation, the disengagement of countries that have been supporting one side or another, to remove that rather toxic and volatile mix of foreign fighters, foreign technologies and foreign interests, and to encourage the Libyans back to a position of self-government. That is what we are hoping to do.

There is no reason why Libya should be a poor country but, ultimately, until this conflict is resolved, that is inevitably what it will remain. That resolution is in all our interests. I think everyone is fed up with this stalemate, which has cost a huge number of lives and prevented Libya from being an economically active stable country, which it could theoretically easily be.

**Chair:** Thank you very much. You have completed, Royston, so Bob, do you want to come in? We will close shortly.

Q376 **Bob Seely:** I have two or three quick questions for the Minister. James, you said that there were three different approaches. They have all used vast amounts of money, and we have not had much influence out of it. What have we been doing wrong?



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**James Cleverly:** I disagree that we have not had influence. What we have seen is that a number of countries—European and in the region—have had interests and influence, but these are incredibly complicated circumstances, some of which are a modern manifestation of some very long-standing frictions and tensions in the region.

The lesson that we take from this is that—I was about to say “in the modern era”, but it is probably as true at any point in history—there are no easy silver-bullet solutions. We have to recognise that, and I think that the Integrated Review recognises that this is a multipolar and complicated world.

Q377 **Bob Seely:** Related to that, do you think that aid money—outside the aid lobby and the aid world—translates into influence? If not, why not, and should it?

**James Cleverly:** I don't think that should be aid's primary function, and the UK's foreign policy is not for that to be its primary function. I think that the point that the Prime Minister was making when he announced the merger of DFID and the FCO to create the FCDO was to recognise that the best way of spending development money is to make a positive difference with the money itself, but also to use the influence that that brings to reinforce, to amplify—to be a force multiplier of that ODA spend, as it were.

For example, when we allocate our ODA money, I also make sure that I am having conversations with other potential donor countries, to encourage them to lean in, or to make sure that we are able to have conversations with receiving Governments about what reform we expect of them. It is about saving lives and livelihoods, which is exactly what you would expect; it should additionally be—not instead, but as well—about having a positive influence and being a force for good.

Q378 **Bob Seely:** Finally, if I may, you say politely and euphemistically that the Saudis are too powerful to offend—

**James Cleverly:** No, no, I did not say that at all—

**Bob Seely:** Let me ask the question, because it is related, and you can knock the question overall then. I am very respectful of what Chris and the human rights lobby in this country say, because that is very important in dealing with Russia, China and indeed Saudi Arabia, but ultimately we have to work with them. We cannot spend our time judging other people and we have to work with the states we have around the world, because otherwise we would not get much done.

The question is, do you think that we let human rights—as important as they are—sometimes cloud our judgment when we are dealing with regimes, many of which we might not particularly like from a human rights point of view?

**James Cleverly:** No. Our passion for human rights is rightly at the centre of what we do. I am proud of that fact. We do not let it cloud our



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judgment or distort it; we do not ignore it. We absolutely make sure that we have human rights in mind, and those rights are a talking point on almost all—maybe even all—of the bilateral conversations that I have at one degree or another.

With regard to Saudi Arabia and other countries around the world, it is legitimate to say that we cannot ignore those countries. We cannot pretend that they do not exist or create a fantasy set of international relations; we have to deal with the world as it is rather than the world we would wish it to be.

But we can absolutely apply influence. There is no contradiction between having an economic relationship with a country or a defence or security relationship with a country while simultaneously being critical of some aspects of that country's either domestic or international behaviour. That has always been the way.

**Q379 Bob Seely:** Yet at the same time we can get ourselves into uncomfortable territory where, as you say, on the one hand we are prioritising human rights and on the other the Government fight not to have a genocide amendment in a trade Bill. That does not necessarily read consistently, does it? It throws a spanner in works of consistency. We prioritise human rights and yet we cannot put a genocide amendment into a trade Bill.

**James Cleverly:** I disagree that there is a contradiction. We are drifting into a slightly different lane, but simple fact of the matter is that we make decisions based on our concerns about human rights. That has a detrimental economic impact, as we saw with Huawei and our concerns in that connection. That had an economic impact, but we were willing to accept that because we felt it mattered.

I cannot necessarily go into details on this platform, but we have chosen not to pursue economic opportunities because we felt it would be wrong in terms of our global position. The idea that somehow you have to put aside concerns about human rights to have an effective economic policy is an entirely artificial juxtaposition of challenges.

We do make judgments, we always have done and inevitably will continue to have to make judgments about what is in the UK's interest in terms of protecting ourselves. But we will always be guided by our values and they will always underpin the decisions.

There will be times when we just say that we are not going to pursue a given economic opportunity because it conflicts with our views on human rights. It was ever thus and that will always be the case. Legislation one way or another will not necessarily change that; we will always take that balanced approach. That is what foreign policy is, was and always will be about.

**Bob Seely:** Thank you.

**Chair:** Given that we are on human rights, I am going to make one final appeal, which is that you, Minister, as the Yazidi community is very much





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within your remit, bear in mind the appalling abuse that they have suffered and extend what support you can. Please know that this is an area of significant interest to many of us, and in that I pay credit to the work of Tom Holland, who has done an awful lot to raise awareness of the Yazidi community, as I am sure you would agree.

On that note, I close this session, but before I do I pay especial tribute to the extraordinary work of our diplomats and development workers in the Middle East, particularly those who have taken over from Chris Rampling in Lebanon. They are doing amazing work against extraordinary circumstances.

I wrap up simply by recognising that this is a work in progress as a National Security and Investment Bill. Though, of course, we recognise the points that Ministers and officials have made today, we will be keeping a close eye on the Bill: depending on how it works, and how the economic situation changes with the increase in state capitalism from countries around the world, it may need adjustment. And on that, we would welcome having the relevant Ministers back to discuss how we can protect our national interest and indeed our businesses against what could otherwise be a form of mercantile expansionism the like of which we have not seen for a number of generations.

On that note, I thank both Ministers very much and all three officials, and Minister Cleverly in particular for going off subject, but doing so with extreme generosity.