

Foreign Affairs Committee

Oral evidence: [Foreign Policy Developments July 2016](#), HC 552

Thursday 7 July 2016

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Members present: Crispin Blunt (Chair); Mr John Baron; Ann Clwyd; Mike Gapes; Stephen Gethins; Mr Mark Hendrick; Daniel Kawczynski; Andrew Rosindell.

Questions 1-100

Witnesses

I: The Rt Hon Philip Hammond MP, Secretary of State for Foreign and Commonwealth Affairs, Sir Tim Barrow, Director-General Political, FCO, and Sir Simon McDonald, Permanent Under Secretary, FCO.

Q1 Chair: Welcome to this morning's session of the Foreign Affairs Committee. It perhaps might have been a rather more normal session with you, Foreign Secretary, as a tour d'horizon, as one of your regular opportunities to come and give evidence to the Committee, but obviously we intend to focus questions on the implications of the Brexit vote, and, of course, the implications of yesterday's report by Sir John Chilcot for the Office. Perhaps I can first invite you formally for the record to introduce your colleagues.

Mr Hammond: Indeed, thank you Chairman. I have with me Sir Simon McDonald, who, as you know, is the permanent under-secretary of the Department, and Sir Tim Barrow, who is the political director.

Q2 Chair: Perhaps we can begin with the consequences of the referendum. What, if any, contingency planning did the Foreign and Commonwealth Office undertake before the referendum?

Mr Hammond: Well, as you know, the Government's position was to support a remain vote, and the Government Departments outside the Treasury did not take formal contingency planning for the possibility of a vote to leave. The immediate consequences of that decision and the need for immediate intervention were always going to be in the financial markets field, and it is right that the Treasury and particularly the Bank of England made appropriate contingency plans to deal with market turbulence on the morning of the 24th and into the following week. I think the evidence, looking back over the last 14 days, suggests that actually those contingency plans worked rather well.



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Q3 **Chair:** Why was no contingency planning done?

Mr Hammond: I am not sure that I see the need. The decision that has been made will be implemented over a time scale that runs into years. It is clear—I say it is clear because I hear all the remaining candidates for the office of Prime Minister saying it—that an article 50 notice will not be served immediately. That will be done over the course of a period of time, running into months.

Q4 **Chair:** Yes, but it will be done, Foreign Secretary, when they are ready, and we have delayed the critical path until we are ready by having done no contingency planning for a leave vote. This Committee in its report on the implications of the referendum in April was pointing out that there would be immediate challenges for the Office. Yet the Office appears to have sat there with a political instruction to do nothing—no preparations.

Mr Hammond: Chairman, throughout the referendum campaign I drew attention, as did others in the campaign, to the likely consequences of a leave vote, and the reaction that I heard was that this was scaremongering. I think if we had sought to engage Departments of State in preparing evidence of the likely consequences of a leave vote, and that information had found its way into the public domain, that would have been seen as an unwarranted intervention in the course of the campaign.

Q5 **Chair:** But, Sir Simon, am I correct in thinking that when there is a general election going on, substantial preparation takes place in order to prepare the civil service and indeed the Foreign Office, in the case of the FCO, to enable the new Government to undertake its programme? None of that stuff ever leaks.

Sir Simon McDonald: Indeed, Chairman, but a general election is a fundamentally different situation, because in a general election you may be getting a completely different Government, and you have to prepare for that. One thing we knew through this campaign was that the Government would remain in place until 2020.

Q6 **Chair:** But the Government, for political reasons, appears to have taken a decision to place the country in a place where there was no contingency plan for a leave vote outside the immediate financial markets. This, as became abundantly clear from the evidence we took from Oliver Letwin the day before yesterday, was a serious oversight in terms of the critical path towards understanding what the issues are that the country is now facing. Don't you think at an official level you should have been carrying out some kind of preparation within the Department?

Sir Simon McDonald: The civil service, including the diplomatic service, works for the Government of the day.

Chair: But do you think you—

Mr Hammond: Chairman, I assure you it was not an oversight. Of course we discussed this question before the referendum campaign began—whether there should be contingency planning or not—and we concluded that it was not appropriate to carry out contingency planning, other than



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planning that was focused on the very immediate pressures that might come on the financial markets.

- Q7 **Chair:** But the financial markets have been driven by uncertainty, not just about the financial situation but about the whole position of the United Kingdom. That uncertainty would be significantly addressed if the Government could roll out a prepared understanding of the consequences when the country had voted leave, even if it was the policy of the Government not to.

Mr Hammond: I'm sorry, I don't agree with that. I think the uncertainty has been created by the fact that we now have to negotiate a solution around Britain's future relationship with the European Union. That is not in the hands of the Government alone; it depends on the attitude of our 27 EU neighbours. That uncertainty will be there until that agreement is reached and I do not think that the Government having a clear but unilateral position as to what it would like to do would have changed that.

I know that parliamentary Committees find this difficult and unpalatable, but when we are in a negotiation, it is very unwise to lay all our cards on the table for our negotiating partners to see. As the Government prepares its position and builds on the negotiation that took place at the back end of last year and earlier this year with our EU partners from inside the EU—so we have an understanding of the negotiating approach to various issues of those partners—I do not think it would be helpful as we seek to build on that to have all of this displayed openly for those we are negotiating with to examine and pore over.

- Q8 **Chair:** Well, there are some areas of rather plain mutual interest and it would be preferable to clear away the undergrowth in any set of negotiations to be able to focus on the key issues, where you might have a rather stronger case for retaining your hand than the one that was demonstrated so unhappily over the last couple of days over the status of EU citizens within the United Kingdom. I find it extraordinary that this Committee appears to have done rather more contingency planning, which was published in our report on 26 April, than the Government. Don't you think that is an extraordinary situation: that people are looking to me and I am placing articles around the world about what the bottom line is for the United Kingdom, while there appears to be a vacuum from the Executive that was wholly avoidable?

Mr Hammond: No, I don't think that is right at all. Any of us can speculate about where we would like the debate to go or about what the trade-offs are likely to be—indeed, I have done so myself over the last 13 days—but that is different from contingency planning, which it is not possible to do until you see the shape of the battlefield, which is only now becoming clear. We are hearing positions being taken and expressed by our partners in Europe. We have to interpret the domestic political constraints that the Government will face as it moves forward in the negotiation process, and I think those are becoming clearer.

- Q9 **Chair:** Baroness Anelay told the House of Lords that you had an all-staff



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meeting in the office on the Friday after the referendum to discuss the impact of the outcome on the Department. Can you confirm that that was the first such meeting and that otherwise there was no other preparation—well, that wasn't preparation; it was post-event, but—

Mr Hammond: I'm sorry, let me just say that the Prime Minister made a statement announcing the creation of a unit within the Cabinet Office that would co-ordinate work across Government on the preparation for negotiation and doing the necessary preparatory work. At least one of the candidates for the office of Prime Minister has announced a different plan: a plan to create a Department of State to manage that process. So there is a limit to what we can say to people about the impacts on organisational structure and day-to-day working, until the route that is to be followed is clarified. Just to go back to your earlier point, it is probably worth reminding the Committee that the Government published, pre-purdah, in the run-up to the referendum, papers on the operation of article 50—how that process would work—on alternative models to membership of the European Union, and on the rights and obligations of EU membership. So all that material was prepared in advance of the referendum and placed in the public domain, of course primarily to inform the referendum debate, but it is also vital that those papers represent vital building blocks in the process that will now go forward.

Q10 **Chair:** Let's move on from this, because certainly my view of the merits of no preparation for one of two outcomes is obviously a matter of record. What will be the role of the Foreign and Commonwealth Office in the exit process?

Mr Hammond: That will be an issue for the new Prime Minister to determine. As I have said, the current Prime Minister has established a unit within the Cabinet Office to begin doing preparatory work, but one of the candidates in the leadership race has indicated a different model, which would involve the creation of a new Department of State.

Q11 **Chair:** That is fine, but what are you and the Department feeding in about what structures should be put in place to manage Brexit?

Mr Hammond: I can tell you what I have fed in. I have fed in the view, which is a personal view, that it is entirely sensible that we have a cross-Whitehall co-ordinating machinery to deal with the process of Britain's exit from the European Union and the legislative consequences of that, because this affects all Departments, including all the home Departments. It is equally clear to me that the work that needs to be done, and is already under way, in reinforcing Britain's position with our non-EU partners around the world, and making it clear to them through reassurance messaging, that Britain will continue to play an active and engaged role, and indeed in due course will be looking to enhance our relationships with those partners beyond the European Union, that that work should be led by the Foreign Office. In the middle there is a very big piece of work around negotiating Britain's future arrangement with the European Union, and I think there is a legitimate question over how that work should be organised and led. I would expect the Foreign Office to

have a very large role in it, but I would recognise that many other Departments will also want to be involved in that work, and how it should be organised and led must be a decision for the new Prime Minister.

Q12 Chair: What will be the role of UKREP?

Mr Hammond: Again, a question for the new Prime Minister, but I will express an opinion that the process will need to be conducted at two levels. There will of course be a formal process of negotiation with the European Union, and the UK's permanent mission in Brussels is a natural part of the secretariat that will support that activity. We have people there who understand the Brussels machinery and have contacts throughout the Brussels institutions. That will be important, but in my judgment equally important will be our bilateral relationships with the 27 member states. When we talk to the institutions in Brussels, we are talking essentially to bureaucrats, who are not always sympathetic to the political realities that we, and indeed other member states, face. When we talk to our partners in the member states, we are talking to politicians, who may not like what has happened in the UK, but absolutely understand what has happened, because they too face political challenges and political disenchantment, often on a similar scale to that which we are dealing with in the UK. I would expect that the bilateral relationships we have in the 27 national capitals will remain a very important part of the process, going forward.

Q13 Chair: And do you think both UKREP and those bilateral missions in the states are adequately staffed to deal with the challenge they now face?

Mr Hammond: It is perfectly possible that we will need to put additional resource into UKREP, but that will be a decision about the balance of personnel that are needed in Brussels, as opposed to needed in the unit in London that is managing this process. That will be, I think, a practical decision.

In terms of the lay-down of Foreign Office staff in missions in EU capitals, I think we will have to look again at this because the current lay-down is predicated on a situation where many aspects of our diplomacy are dealt with at EU level. Clearly, in the future we are likely to be looking at a situation where, although some aspects of our diplomacy may continue to be dealt with on a UK-EU bilateral basis, many of them will be dealt with through bilateral state-to-state relations. So I think we will need to look again at the way we have configured our lay-down in the European Union, and fortunately, as the Committee is aware, we are in the process of seeking to harvest at least some of the savings that we identified during the spending review process last year but were ultimately not required to deliver to the Treasury, with a view to reinvesting them in the frontline. If you had asked me the question a month ago, I would have envisaged that they would have been invested in a variety of ways, probably not including reinforcement of our platforms across the European Union capitals, but I suspect that we will now want to look again at the level of resource that goes into those European Union posts.

Q14 Chair: It is the view of this Committee that there is going to need to be a



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step change in that Office's budget—indeed, we envisaged doubling or even trebling it—to deal with the challenge of leaving the European Union and the advancement of all the opportunities that will then face the United Kingdom outside the European Union, not least the very substantial interest that there is now, expressed indeed by the Chinese foreign office and by my Chinese opposite number in British-Chinese relations in the meeting I have just come from. What are you doing about bidding for extra resources for the Office, and what is your sense of the scale to which the Office would need to be stepped up, in order to really take advantage of the situation that the Office is now presented with?

Mr Hammond: No departmental Minister ever turns down the offer of more cash, and the Foreign Office could certainly spend more resource effectively.

Q15 **Chair:** I wasn't asking about the offer; I was asking about—

Mr Hammond: There is no offer; that is the point. But looking at this more broadly, as a member of the Government, I do not resile from any of the warnings of risks of a vote, a decision to leave, that I made, and others made, during the campaign. I think our economy will face a difficult period, at least in the short term, during which Government revenues are likely to fall, and we will face significant constraints. I don't think it is remotely realistic to talk about a doubling or trebling—

Q16 **Chair:** And as the Foreign Secretary, when the budget of the Foreign Office is a minute proportion of overall Government expenditure, it is your view that the Foreign Office should continue to suffer that level of austerity, despite the fact that our diplomatic position and role in the world has completely changed and the scale of challenge faced by the United Kingdom diplomatically has just, in that sense, gone off the scale.

Mr Hammond: Actions have consequences, and one of the consequences of the decision that we have made as a nation is going to be a period of economic pressure, in which Government resources are likely to come under further pressure. We received a flat real settlement in the spending review outcome last year. We have identified ways in which we can free up some additional resource through efficiencies that were identified in that process but have not yet been taken. We may indeed need to bid for additional resource to deal with specific pressures that arise. What I am saying to the Committee is that I don't think, in the economic and fiscal circumstances that the country is likely to face over the coming few years, talk of doubling or trebling departmental budgets is remotely realistic.

Q17 **Chair:** This is astonishing. First of all, your flat settlement was only made possible because of this cross-subsidy from ODA money, which can't be spent in Europe because none of them are ODA countries. I am left astonished that it is not your view that the game of the Foreign and Commonwealth Office is not going to have to be stepped up in a very serious way to meet the opportunities, and indeed the challenges, we now face.



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Mr Hammond: It is my view that the game of the Foreign and Commonwealth Office is going to need to be stepped up. I simply don't necessarily equate stepping up our game with doubling or trebling the budget. I repeat, I think that is a wildly unrealistic aspiration. If you ask me the question can I envisage a situation where we are bidding for additional resource in order to meet additional tasking, yes, I can; but the question was related to a doubling or trebling of the budget, and I am afraid I don't think, in the overall context of the situation the Government faces, that is a remotely realistic ambition.

Q18 **Chair:** So in terms of acquiring trade negotiating capability—and presumably the expertise will have to come from somewhere, and it is probably going to have to be rather expensively acquired from the private sector in the short term, while it is then grown within the Government itself—you don't think that is an important priority requiring significant extra expenditure.

Mr Hammond: Indeed, the Government will have to acquire additional trade negotiation resource. Where that will be located will be a decision that has to be made in due course, once the new Prime Minister is in place. We will look to friendly Governments to assist us, as well as seeking to hire the best resources available on the open market.

Q19 **Stephen Gethins:** Foreign Secretary, can I ask, in terms of the triggering of article 50, EU partners have suggested that they will not hold informal talks with the UK until that is triggered. Is that still your understanding of the case?

Mr Hammond: That is the position that has been expressed by the EU institutions, yes.

Q20 **Stephen Gethins:** Does that not make your job a little bit more difficult?

Mr Hammond: I think it will be for the new Prime Minister to decide how best to engage with the European Union, and to express to the European Union our views as a Government about how we should move forward. This is an untested process. Nobody has ever done this before.

Q21 **Stephen Gethins:** Yes, I accept that; but given that you are expecting businesses, you are expecting people who deal on a day-to-day basis with the EU, to wait for a Tory leadership process to be over, do you not think you have a responsibility to try and bring an end to some of the uncertainty that we have at the moment, by triggering this process, given that it is something that everybody agrees on?

Mr Hammond: What do you mean, it is something that everybody agrees on?

Q22 **Stephen Gethins:** Well, if you want to trigger article 50, and this is your will, is it not something you should bring to Parliament before the Tory elections finish?

Mr Hammond: That is a separate question, the role of Parliament. Perhaps we can deal with that separately.

Q23 **Stephen Gethins:** Sure, but what about informal talks with partners?

Mr Hammond: In terms of triggering article 50, my judgment is that it would not be in the best interest of the UK to trigger article 50 immediately. Article 50 sets a clock ticking and at the moment, for various reasons, not least that we do not have the new Prime Minister in post, I do not think that we are in a position to begin substantive negotiations immediately. Therefore it would be unwise to start the process ticking by triggering article 50. Although the Brussels institutions may not like that, in conversations—bilateral conversations—I detect a considerable understanding of our position among our EU partners.

Q24 **Stephen Gethins:** Okay, do you want to tell us a little bit more about those bilateral conversations?

Mr Hammond: Bilateral conversations take place all the time, as you would imagine, and they haven't stopped. If anything, I have probably had more conversations with EU counterparts over the last 13 days than I would have over any normal period of 13 days.

Q25 **Stephen Gethins:** Is there anything you think it might be helpful to the Committee to share in terms of those conversations?

Mr Hammond: Obviously I don't want to share the content of conversations that I have had with either EU Foreign Ministers or EU Commission officials, but I think I have already given the Committee an indication that in bilateral conversations there is a far greater political understanding of the situation that we are in here, and the challenges that we will have in proceeding—the political constraints on our ability to proceed. It is easy for an official in Brussels to say on 24 June, "You've made a decision, so serve the article 50 notice." I am telling the Committee that my political colleagues are much more sympathetic to the political circumstances we are in and understand why we do not want to proceed immediately to do that.

Q26 **Stephen Gethins:** Okay. There is an enormous amount of uncertainty, and I will be frank: when Mr Letwin was in front of us the other day, it did not give me any more satisfaction about where things were. He could not really answer any of our questions. There is the impact on business and other aspects that we all know about, but there is a particular impact on a personal level for EU nationals who make their home here, contribute to and enrich our society, and contribute in a social and economic way—just in the same way that UK nationals who live throughout the European Union contribute to their societies. Do you have any more certainty about EU nationals who live and work in the United Kingdom?

Mr Hammond: The first thing I would say is, again, that actions have consequences. The decision we made on 23 June as a nation has created uncertainty. As you have already acknowledged, that is not only uncertainty for individuals who are living in the UK. It is uncertainty for people about their future careers when they have planned on assumptions about the way the European market operates today. It is uncertainty for

businesses that have made investments around assumptions about the current architecture.

I campaigned for us to remain. I want to see us continuing to have a vibrant society that includes the brightest and the best from around the world, including from across the European Union, as a critical ingredient of our national life. I would like to see us being able to reach an early solution that gives reassurance to those people, but I would not recommend a unilateral commitment by the British Government before we have received any assurance about a reciprocal approach to the position of UK nationals in other European Union countries.

- Q27 Stephen Gethins:** It sounds an awful lot like people's right to live and work here—remember, people have made their lives here and have families here—is part of your negotiating process.

Mr Hammond: I voted remain.

Stephen Gethins: So did I, Foreign Secretary, but I think you have a responsibility for those who—

Mr Hammond: I wanted to continue those rights. The fact is—

Stephen Gethins: But are you seeing their rights as part of the negotiating process?

Mr Hammond: Let me set out what I am saying. The fact is that, so long as we are a part of the European Union, those rights are guaranteed as of right by the terms of our membership of the European Union. As we cease to be a member of the European Union, the rights of our citizens and the citizens of other countries to live, to work, to establish and invest in businesses, and to own property will all have to be agreed. I believe they should be agreed on a fully reciprocal basis. I hope they will be, and I expect they will be. I haven't heard—this is perhaps an important fact—any of our European Union partners suggesting that they would not be willing to agree to reciprocal rights for existing established residents of each other's nations.

- Q28 Stephen Gethins:** Look, these people deserve our support. They contribute to our coffers; they contribute to our society. Should this not be a priority, regardless of the timescale for the next Tory leader?

Mr Hammond: I think it is a priority, and I remind the Committee that it is not us who have said we cannot start negotiating things. I would be very happy to be having a discussion with colleagues in Brussels now about these issues. It is Brussels that has said that until article 50 is served, we cannot start the discussion.

- Q29 Stephen Gethins:** But it is in the United Kingdom Government's power to give reassurance to EU nationals who are here right now. You can do it now.

Mr Hammond: Only on a unilateral basis, without—

- Q30 Stephen Gethins:** Why not? They are net contributors to our society.



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Why not do it, as a measure of good will, given all the good will we have sucked out of Europe recently?

Mr Hammond: You and I, Mr Gethins, may have different experiences of negotiation. It is very tempting, in a negotiation, to say at the outset, "Let's generate good will by doing things unilaterally." I am afraid that there is an obligation on us to protect the interests of British nationals who are living in European Union states. I hope and sincerely expect that we will be able to do that by reaching a fully reciprocal agreement to allow those with existing rights of establishment to continue exactly as they were. I would welcome the opportunity to do that early, but I would not recommend that we do it on a unilateral basis; we have to do it on a reciprocal basis.

Q31 **Stephen Gethins:** If we are putting off big decisions—as you have mentioned, we are putting it off around UKREP until we have a new Prime Minister—will other big decisions be put off as well?

Chair: I want to follow up on the EU citizen issues as Daniel Kawczynski wants to come in on that.

Mr Hammond: Just as you mentioned UKREP, I do not see the issue of UKREP as a big decision. If we need to surge people into UKREP from London, we will do that. It will not take months or years. It will take weeks if we decide that we need people to be physically located in Brussels rather than London. I don't think that delaying that decision has any significant consequences.

Q32 **Daniel Kawczynski:** I completely agree with you, Foreign Secretary, that the rights of British citizens in the EU have to be paramount in our renegotiations but, obviously, 800,000 Poles are living in this country. You know that many of them are highly skilled, highly educated, very hardworking and contributing to our society. There are concerns among the Polish diaspora. What assurances can you give them that they are respected and welcome in this country?

Mr Hammond: I can give them the assurance that I and 15 million other people voted for their rights to be here—to continue as they were under EU rules. I can give them the assurance that, now that we have decided to leave the EU, the Government will negotiate hard with European partners. By the way, I have already spoken to my Polish counterpart, who will clearly be a strong ally in arguing for full reciprocal rights for those current EU citizens living in each other's countries. We will negotiate hard to ensure that those rights can continue in full. Making an alliance of common interest with EU countries that have large numbers of citizens living here will be an effective way to move the agenda forward early in the process.

Q33 **Chair:** Foreign Secretary, to finish on trying to protect the rights of UK citizens in the rest of the EU, I think your position is wholly misconceived. The negotiation between ourselves and our partners will not conclude probably until almost the day we leave the EU. It is likely to be right at the last minute of two years of negotiations if, indeed, there is an overall



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agreement. I think we owe as much certainty in the whole process as we can possibly deliver. Your attitude strikes me as, "I told you so. I was on the other side of the argument." Your attitude almost seems to be to create as much difficulty as possible to demonstrate the veracity of your position in the referendum. Well, the referendum is over.

Mr Hammond: Correct.

Chair: A decision has been taken by the British people and we surely now have to—since it is completely inconceivable that our EU partners will take the British citizens living in their countries as some kind of negotiating hostage in any deal—simply make a unilateral position that is consistent with ensuring that the status and rights of all EU citizens here now can be protected. That might be by giving indefinite leave to remain, with the period reduced from five years down to whatever the time is between 23 June and the day on which we actually leave the EU, for example. We could reduce that period. We could announce that as a matter of policy and statement, and we would be able to reassure people.

Mr Hammond: I don't think it's—

Chair: And had you done some modest contingency planning, we might have thought that through.

Mr Hammond: I don't think it is as simple as you are setting out. The rights of people are deeply linked to the way our future relationship works. There will be many other considerations. It is not as simple as whether they have the right to remain; it is about what rights they will need and what privileges they will enjoy. I don't agree with you. There are many different ways in which the overall negotiation with the EU could proceed, but I hope, and this is a personal view, that we will focus early in the process on agreeing the big elements of the package, one of which would need to be the rights of citizens—the rights of those already in different countries and the future rights of others—to move, to work and to establish. That is clearly going to be one of the big moving parts of the agreement. It is the politically sensitive bit and, in my view, it would be sensible to address that early in the process in order to minimise uncertainty not only for citizens, but for investors and businesses, so that we can minimise the damage done to both the UK economy and the economies of the EU27 by continuing uncertainty.

Q34 **Mr Baron:** Very briefly, Foreign Secretary. You are coming across as Project Fear in denial. The British people have made their choice. Surely when it comes to the issue of EU nationals, we should send out a positive message that should be something like, "As far as we are concerned, they are very welcome here. We just want reassurances from our EU neighbours that UK nationals are going to be treated the same on the continent." That is a reasonable position to take, but we are not hearing it from the Government.

Mr Hammond: I think—

Mr Baron: No, we're not. We are not hearing that from the Government.



Mr Hammond: Let me say it now.

Mr Baron: Let me finish the question. The predominant message that we are hearing is that EU nationals are going to be used as a bargaining chip, which is wrong. I put it to you that you need to leave Project Fear in denial behind you, because the British people have spoken and we now need to look forward and to try to be as optimistic as possible about the opportunities that come before us. Yes, there will be challenges, too, but we need to put that attitude behind us. The message that we are not getting at the moment is, "It is our intention to treat EU nationals exactly the same, but we just want reassurances about the UK." We need to get that message out and create the impression that it will be a formality, rather than a bargaining position.

Mr Hammond: I don't think I need to emphasise my desire to see EU nationals being able to live, work and establish here in the UK. I made it clear throughout the campaign that I believe that is a net positive to our economy and to our society. I am glad to hear that that is now apparently a widespread and generally held view. I have said that it is the Government's intention and desire that we will be able to establish, on a reciprocal basis, the rights for those people who, on 23 June, were either EU nationals living in the UK or UK nationals living in the EU to carry on exactly as they were. That should be our objective—I say it clearly today. I have also said to the Committee, and I repeat it, that nothing I have heard from any of my EU counterparts has suggested that they will not be willing to agree such an arrangement. I think the big impediment we are facing is the article 50 standoff. If the bureaucrats in Brussels would say today, "We are happy to sit down and talk to the UK Government about a deal that assures the mutual rights of citizens in each other's countries," I am sure that the UK would be happy to engage in that process.

Q35 **Mr Baron:** So you are blaming the EU.

Mr Hammond: I am saying that we can't have an early process. There might be various areas that it would be helpful to explore at an early stage, but the EU has made it clear that its position at the moment is that it will not start any kind of informal pre-negotiation discussions to explore what might be possible until article 50 is served. This area is exactly the kind of thing that one might expect an informal discussion to clear up fairly quickly—whether we are all of a like mind on how we can resolve the issue and go forward.

Q36 **Mike Gapes:** Foreign Secretary, you have been involved in negotiations with other Governments for a considerable period of time. You know that it is not the Brussels bureaucrats who run the European Union. The Council of Ministers and the Commission—unfortunately, we no longer have a Commissioner; we will come on to that later—are actually the determining forces in this. It isn't the bureaucrats who make the decisions. Your problem is actually with the member states, which are quite rightly very angry about the decision taken by the people in this country. My questions come on from that. You said that you don't resile from your warnings about the risks. Do you stand by a remark you made



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about the referendum lighting a fire under Europe?

Mr Hammond: Yes, and I will happily explain that. I will say at the outset that I don't detect anger among colleagues that I speak to in the member states; I detect disappointment and bewilderment, frankly, in some places. Where I do sense some anger is in the institutions in Brussels, where people feel that their plans for the future have been seriously derailed.

Q37 **Mike Gapes:** Particularly among British staff?

Mr Hammond: No, not particularly among British staff, but among people who feel that the future of the European Union is put at risk and in question by the decision that we have taken.

Let me go back to lighting a fire under Europe. Yes, I am proud of the fact that by having this debate in this country—not just the referendum, but the debate leading up to it over a number of years through the general election and beyond—we have forced people in Europe to think again about some of the challenges of the European Union. For me, one of the big disappointments of this decision is the fact that we have taken it now. There have been many times over the past couple of decades when Britain could have decided to leave the European Union. I am disappointed that we have chosen to do it now, at a time when I detect across Europe a change in mood among populations, politicians and, in some cases, Governments about the way the European Union should work in future. There are the beginnings of a stirring of a sense that it has not been going in the right direction and needs to change direction. This was also a time when I believe we were on the brink of an opening up of the single markets in services, in financial and in digital, all of which would have disproportionately—some would say quite unfairly—benefited the UK. That we should choose that moment to leave is a source of great disappointment to me, but we did. Our process and Britain's influence has been hugely instrumental in stirring that awakening in the European Union.

Q38 **Mike Gapes:** We are going to be in the European Union during a process which, as you said at the beginning, could take years, and that would involve uncertainty about the future, so we face years of uncertainty and great difficulties. Given that you have also said that article 50 should not be triggered quickly, is it not right that it should be Parliament, not the Executive, that makes the decision about when, how and in what circumstances to trigger article 50, and that this should not be a decision for a new Prime Minister, whoever she or he is, and their Cabinet in a few weeks, but should involve a proper debate with serious consideration and the whole parliamentary process?

Mr Hammond: The legal position is that it is a decision for the Government to trigger article 50. The political reality is that we have made a decision as a nation and we are going to proceed to implement that decision. Of course, Parliament will want to express a view, have a say and be involved in the debate, as it absolutely should, but it must be for the Government to make the decision to trigger the article 50 notice. The



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decision on when and how to proceed will be a key element of the overall negotiating strategy that the Government develop. Again, negotiating strategies necessarily need to be held quite close.

- Q39 **Mr Hendrick:** Foreign Secretary, you have made it plain that a new Prime Minister along with the Government will determine when and how to trigger article 50, which will set off the process. One or two of my colleagues have said, "Well, the people have spoken." What the people have not said is whether they are willing to accept whatever it is that the Government negotiate in the years and months that the negotiation is going to take. Can I ask about the role of Parliament? Will the Government, having made those negotiations with our European partners, bring the agreements back to Parliament for discussion, debate and then ratification?

May I perhaps exercise the Foreign Secretary's mind a little further? The public may have spoken, but they don't know what they are speaking for, and they don't know what the deal will be. Is there a possibility—would he prefer this—that that package can be put before the British people in a referendum so they can see what is on the table, rather than them voting on an out situation with no idea what it would look like?

Mr Hammond: I hope they did have an idea because it was spelled out pretty clearly by those arguing the case to remain.

Mr Hendrick: The consequences were, but not the agreement.

Chair: Try to look forward.

Mr Hammond: Look, we are where we are. One can draw one's own interpretation, but I take it that there was a clear decision to leave the European Union.

- Q40 **Mr Hendrick:** Under any circumstances?

Mr Hammond: I am going to extrapolate a little further and say that I take it that the mandate to Government was to do that in a way that minimises the damage to the economy and our prospects for the future. The Government's job is to negotiate the very best deal that we can.

Parliament will, of course, be involved in this process, because at some point it will need to repeal the European Communities Act 1972 and put in place large amounts of new legislation to create the framework for Britain to go forward outside the European Union. There will, of course, be an opportunity at that point for Parliament to make its views clear.

- Q41 **Stephen Gethins:** Just a final point on EU nationals, Foreign Secretary. It might not have been comfortable for either of us, but you and I were on the same side in the referendum. You were also on the same side as Scotland's First Minister. On the morning of the referendum, she was able to reassure EU nationals and say, "You remain welcome here. Scotland is your home, and your contribution is valued." Locally, I have had a huge amount of very, very grateful EU nationals who have reflected on that message. Will you commit to sending out a similar message? If it requires



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speaking to your EU counterparts, will you commit, as a matter of urgency, to doing it before the end of this month, and certainly before there is a new Conservative leader?

Mr Hammond: To doing what?

Stephen Gethins: Putting out a message to tell EU nationals that they remain welcome here—the same one that the First Minister put out.

Mr Hammond: I am very happy to deliver that message, and I will have an opportunity to do so, because I will address my 27 EU counterparts next Sunday evening at a dinner to talk informally about the consequences of the UK's referendum decision. I am very happy to send that message out.

Q42 **Stephen Gethins:** So you will deliver the message that EU nationals will be welcome.

Mr Hammond: EU nationals are welcome in the UK. We recognise the contribution that they have made. Indeed, we recognise that they are vital to the success of our economy. I will seek from my counterparts, at the same time, a reciprocal recognition of the role that UK nationals play in the economies of European Union countries. I am sure we will all be happy to agree that the right way to go forward is to allow, on a reciprocal basis, those rights of establishment to continue.

Q43 **Andrew Rosindell:** Foreign Secretary, on that particular point of reciprocal agreements, will you assure the Committee that you will make sure that any discussions with Spain will also include reciprocal treatment of the people of Gibraltar?

Mr Hammond: You mean rights for citizens of Gibraltar to establish in Spain.

Andrew Rosindell: For Gibraltarians and Spanish who live and work on either side of the frontier to be treated in exactly the same way and not to be used in this discussion, but to be treated equally and fairly, as they are at the moment.

Mr Hammond: That will of course be the British Government's position, but I think Mr Rosindell has highlighted just one among possibly very many examples of where there may be complications in this otherwise seemingly straightforward reciprocal agreement between the two sides. Spain has already made noises about the implications of the UK referendum decision on the relationship with Gibraltar.

Q44 **Andrew Rosindell:** Precisely. So will you insist, on behalf of our Government and the people of Gibraltar, that anything will have to be completely reciprocal, and that there can be no using the people of Gibraltar as a way of threatening the United Kingdom or harming the lives of the people who live on the Rock?

Mr Hammond: That will certainly be the UK Government's position, but of course I cannot speak for what the Spanish Government's position will be.



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I have no reason to believe that they would seek to do what you suggest, but clearly I cannot speak on their behalf.

- Q45 **Stephen Gethins:** It is pretty important now, being where we are, to have a new commissioner. Are we any closer to having a new commissioner appointed?

Mr Hammond: The UK's position is that we remain a full participating member of the European Union. We will take part in every activity of the European Union exactly as we have always done. We will attend all meetings; we will participate in missions; and we expect to have a commissioner on the Commission able to represent our interests. We will proceed to nominate a replacement commissioner as soon as we can, but there is a process to be followed. The European Parliament is involved in that process, so this is not something that will happen overnight. It will take a little while.

- Q46 **Stephen Gethins:** Sure, but you will be able to nominate a commissioner. Can you give us some idea of the timescale for that? Secondly, given that many of the decisions that will be made will be political decisions for a while, will a politician be nominated? I am wondering whether you can give us some reassurance on that.

Mr Hammond: It is a matter for the Prime Minister to nominate the UK's commissioner, so I am afraid I cannot give you—

Stephen Gethins: You must have spoken to him about it.

Mr Hammond: I have had many conversations with him about it, but I cannot tell the Committee when the nomination will take place or the specification of the person who will be nominated. What I would say—I don't think this is revealing a state secret—is that there is a mood afoot among some Members of the European Parliament that Britain should not be able to have a commissioner during this period. It is important that we try to nominate a commissioner who will do the job that needs to be done, but who will not be seen as unnecessarily provocative by the European Parliament. We want the process to be done as smoothly and quickly as possible so that we are back in the room.

- Q47 **Stephen Gethins:** But a fortnight out, you still can't give us a timetable for this quite important nomination. Remember that the nomination is in your hands; it is not in the EU's hands.

Mr Hammond: No, I can't, but I urge you not to see that as impacting on the overall timeline because there is a process to be gone through. The European Parliament does not reconvene until September and it is clear that their engagement could not start until September anyway, so we have a little time on our hands.

- Q48 **Chair:** And continuing our responsibilities in the EU will include the presidency in the second half of next year.

Mr Hammond: That remains to be determined.



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Q49 **Chair:** Why, if we are continuing to be a full member of the European Union?

Mr Hammond: It will be an issue for the new Prime Minister to discuss with European Union colleagues.

Q50 **Chair:** There is some suggestion that the Foreign Office is anxious to dispose of the responsibility of the presidency, not least when it has so many other demands on its plate. Is that the case?

Mr Hammond: No, I have not heard any such view in the Foreign Office. There is a practical question. The UK will remain a continuing full participant in the European Union, but whether it is in our best interest or the European Union's best interest for us to take up the presidency at a time when we are negotiating, as I expect we will be by the second half of 2017, our exit from the European Union is a question for the new Prime Minister to consider and to discuss with colleagues in the European Union.

Q51 **Mr Baron:** One assumes from your previous comments, Foreign Secretary, that you believe that the UK leaving the EU will reduce our international influence. Assuming that that is still your view, what steps are you taking to mitigate that?

Mr Hammond: It is my view that the first-round effect of leaving the European Union, all other things being equal, will be to reduce the size of our economy and to reduce our influence on the international stage. As you rightly suggest, the challenge for the Government is not simply to accept that, but to mitigate it and I think we do that in two ways. We do it by negotiating the best and most effective possible arrangements for our exit from the European Union and for our future relationship with the European Union. On that score, I envisage that the UK would want to explore the possibility of a close alignment with the European Union on common defence and security matters, where we have worked together on the basis of consensus within the EU, where any member state can block an initiative in that area, and I see no reason why we should not be able to agree to continue to work by consensus outside the European Union, as Norway co-operates with the European Union on defence and security matters.

Secondly, we will do it by exploiting the opportunities that being outside the European Union creates for the UK in the wider world. But as I said to Foreign Office staff yesterday, we will have to lean in harder in the multilateral institutions, in our bilateral relationships, and I think we will have to pedal a bit faster in order to make sure that our voice is heard and that our influence still counts in the world. We in the Foreign Office are certainly prepared to do that and ready to do our bit to ensure that Britain's voice remains loud and a voice that resonates for the benefit of the international community as a whole.

Q52 **Mr Baron:** Do you think, Foreign Secretary, there is a danger here that we are digging ourselves—certainly the political establishment—into a sort of negative mindset? We referred earlier, as a Committee, to Project Fear and denial.



Mr Hammond: You referred earlier.

Mr Baron: Well, okay. And you addressed that question—that those who predicted gloom and doom are almost determined to try to talk down the country, in order to, if you like, give credibility to their views, which the British people in the end did not accept. You can choose as many economists as you like on both sides of the equation and debate whether the economy is going to shrink; we simply do not know. And to keep expressing the view that actually it is going to get worse and worse does not do the country any good at all, because with a depreciating currency, you could argue, the economic recovery could even be more pronounced as we gain market share globally as we become outward-facing. But put all that to one side. Can I suggest to you that it is not as black and white as you predict as regards the outcome, and therefore we should stop trying to dig ourselves into this negative mindset, put Project Fear behind us—some of the ludicrous claims that were made during the campaign, including war—and actually try to embrace the opportunities in a more optimistic light; realistically, but optimistically, realise that there are great opportunities out there which we should now be looking to capitalise on?

Mr Hammond: I am always an optimist by instinct, but I hope a realist. We have talked earlier about contingency planning, and I don't accept your view that economists are evenly balanced in their view as to what will happen next.

Mr Baron: Time will tell.

Mr Hammond: If you are prepared to accept the view of experts, which clearly some are and some are not, the balance—the preponderance—of expert economic opinion is very clearly that the first-round effects of leaving the European Union will be negative for our economy. Now, I have said, and I will say again, that that does not have to be a disaster. What matters is how we respond to that, and how we ensure that over the medium term, we minimise the negative first-round effects by getting the best possible deal we can for continued access to the European single market and maximise the benefits that will definitely—I am the first to acknowledge it—be available to us as a result of being free of some of the constraints that we have as members of the European Union. A combination of those two can substantially mitigate the damage.

The job for Government now is not to dwell on what might have been, but to look at what is, and to find the best route forward for the UK, and that is going to come from a combination of skilled negotiation of the terms of our exit and future access to the European market, and a determined commitment to exploit the opportunities that will open up in the markets beyond the European Union.

Q53 **Ann Clwyd:** What opportunities are these and how do we come to exploit them? Are they opportunities that don't exist now? Are these completely new opportunities, do you think?



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Mr Hammond: There will be a variety of approaches to this. I am conscious of the fact that we will have a new Prime Minister in place in a couple of months' time, and it will be for the new Prime Minister to set the tone for Britain's future development, so I can only give you a personal view.

I think we will be able to do more with bilateral partners with whom we are already engaged. For example, there will definitely be UK trade partners around the world seeking free trade agreements with the European Union, but for various reasons finding that a tortuous and long-winded process and—perhaps this is not a very surprising statement—they may find it easier, if less fruitful in the long run, to make a bilateral agreement with the UK. We are obviously a smaller economy than the EU economy overall, but because in making a bilateral agreement we will only have to consider the interests of our economy, not the interests of 27 other economies, it may be that we can reach those kinds of agreements more quickly.

Q54 **Chair:** It is not “may be”; it is “will be”, isn't it? It will be. I am trying to get you into an optimistic frame of mind. Logically, it will be easier for us to conclude those deals.

Mr Hammond: One would expect it to be simpler to negotiate if on our side of the negotiating table we have to take into account the interests of only one country, but we must of course be realistic. Assuming that we want to have a relationship with the European Union in future as an outside party that gives us access to the European single market, we may have to agree to some constraints on our freedom to negotiate third-party deals. Where that trade-off is and what those constraints might be, we will not know until we begin that discussion.

Beyond those obvious steps, I think—this is a personal view—we need to take a look at the fundamental shape of the UK economy, which over 40 years has come to reflect the reality of our membership of the European Union and the dominance of access to the single market as a driver of business behaviour in the UK. Once that fact changes, some of the assumptions that Governments and investors have made may no longer hold true, and we may be able to explore new opportunities to shape our economy and direct it differently in the future.

Q55 **Ann Clwyd:** It sounds as though you are forcing yourself to be optimistic, but you are not really optimistic. It is all pie in the sky.

Mr Hammond: No. I repeat, I am a realist. I think in the short term we will face some big challenges from this decision, but we will have to grasp them and manage them effectively, and be prepared to have an honest discussion about the trade-offs that will need to be made. We will need to be brave in embracing the opportunities that Mr Baron has talked about—because some of them will require brave decisions. I know that this will be an issue of particular interest to you, Mrs Clwyd—somebody mentioned Britain's trade relationship with China. Yes, of course there are opportunities to strengthen Britain's trade relationship with China, but we



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will also hear voices cautioning against relying more on our trade with China, and we will have to make a decision as a nation about how to balance wherever those trade-offs are presented to us.

I am optimistic. I am optimistic because, as one European Union ambassador told me on Tuesday night—I think this is worth repeating, although I will not disclose which one it was—he has sent a Diptel back to his capital city to say that they should be careful not to underestimate the pragmatism of the British in responding to any situation in which they find themselves. We will respond pragmatically and positively, and we will deal with the situation, the opportunities and the challenges that we face. I have no doubt about that.

Q56 Mr Baron: Foreign Secretary, as you probably gather, some of us, however gently, are trying to give mettle to that optimistic streak that I am sure does lurk within regarding our potential going forward. I also gently remind you that many economic experts suggested that if we did not join the euro we would suffer and be marginalised. That did not prove to be correct so we should always take economic forecasters with a pinch of salt. We have seen many countries, including New Zealand, Australia, Canada and even India, now start knocking at our door.

Can I come back to the issue of getting ourselves into a negative mindset and move us on more when it comes to world influence? Sir Christopher Meyer said that we should now make a compensating gesture towards NATO to reassure key allies. We are a country that belongs to more international organisations than most. We are a founding member of the IMF, World Bank, NATO, the Commonwealth, P5 and so on. Do you also accept—Sir Christopher Meyer's comments tend to illustrate this—that there is still a negative mindset in the establishment? Why should we have to make a compensating gesture to NATO given that it is a completely separate organisation from the EU? We are a founding member of NATO and I don't think anybody has truly called into question our commitment to NATO.

Mr Hammond: No, I don't think anybody has, and I don't think we need to make a compensating gesture. We are the second largest contributor to NATO. What I think we need to do—and we expect to do when we go to Warsaw tomorrow—is to demonstrate very clearly, by actions as well as words, that the UK remains irrevocably committed to playing a major role on the international stage. You only have to read the international press to see there are people around the world questioning whether this is the UK turning in on itself and whether it presages a period of isolation. We've been very clear, and I think even during the referendum campaign those campaigning for a Leave vote were also very clear, that we are agreed on Britain's continued role in the world. Indeed, some would argue that the decision to leave the European Union is a decision to reassert Britain's role as a player on the world stage. One of the ways we do that is by being an active and engaged member of all of those international organisations of which we are a member.

Q57 Mr Baron: May I, as this is the final question on this section, implore



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you—as many of us on the Committee would—to pursue that line? This is not Britain withdrawing, it is Britain being outward-facing and engaging perhaps even more with the rest of the world, in the sense that even our immigration policy will now be a fair immigration policy, we hope, and will no longer discriminate against the rest of the world in favour of the EU. Very briefly, when we travel abroad one of the key issues, no matter what the nature of our inquiry is, is that when we visit those countries outside the EU they lack the ability to get visas to visit and to work in the country. One hopes, over a period time and in a measured way and a controlled fashion, that will now change and we will treat everybody fairly, including EU nationals.

Mr Hammond: If I could just comment on that, I do not think there is an issue generally about visit visas. Sometimes there are questions about the bureaucracy around the clearance of visit visas but generally visit visas are not the issue. The issue, of course, is about settlement or work visas. We absolutely should emphasise our continued engagement in the world. I suspect what Sir Christopher Meyer was alluding to was the fact that, as we are now not a member, and in the future will not be a member, of one rather important international organisation, the EU, which has a very large footprint on the world stage by virtue of the fact it is the world's largest economic bloc, we may have to take steps to emphasise our role in the other international organisations of which we remain a member. I would agree with that analysis. We will maximise our impact in the world if, at the end of this process and notwithstanding the fact that we will not be a member of the European Union, we continue to be seen as a country closely aligned with the European Union and having some influence, at least in the areas of defence and security policy and foreign policy, on our European Union partners. That will be the way to maximise Britain's influence and voice in the world.

Q58 **Chair:** Foreign Secretary, during the campaign you said that President Putin wanted us to leave the European Union and that should tell us everything we need to know. On what basis did you make that statement? I could not find any evidence that he had expressed a view other than neutrality. If we go beyond that and assume that you correctly represented his view—even if it was secret—why?

Mr Hammond: I hope that the Committee will look for the evidence behind every statement made on both sides during the referendum campaign. Look, I was simply making the observation, and I reassert it today, that the UK has been one of the—or perhaps the—driving forces in maintaining the unity of the European Union on sanctions against Russia over its interference in Ukraine and its illegal annexation of Crimea. It is no secret that the Russians have been working diligently to try to break that consensus, to try to persuade individual EU member states to object to the renewal of sanctions, and I fear that, in future such situations, an EU without Britain as an influential member may be less likely to take robust action and to sustain robust action against Russia. Unfortunately, I have no corroborating evidence from Moscow, but I would be astonished if the view from Moscow did not see a European Union without Britain as a



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member as likely to be a less robust adversary of Russia and a less robust objector to Russian behaviour of the type that we have seen in Ukraine.

- Q59 **Chair:** So despite the Russian Administration's protestations of neutrality on the decision of the British people, you assumed this was President Putin's position. You did not know it was—

Mr Hammond: What I heard from Moscow was a protestation of non-interference, which I completely accept. I do not think anyone suggested that Moscow was directly involved in the referendum campaign or seeking to play a role in it. I was merely speculating about what a logical view from Moscow on Britain's exit from the European Union might be.

- Q60 **Chair:** That is clear. You have described the implications for the EU-Russia relationship. What about the UK-Russia relationship?

Mr Hammond: The UK-Russia relationship remains fragile. The Russians know that the UK has played a major role in seeking to maintain unity of the European Union in maintaining the sanctions against Russia and, not surprisingly, the Russians do not like that. They also do not like the continuing Litvinenko measures that we have in place. Because of those measures, contact with Russian counterparts is limited and structured in a way that focuses it around areas of particular British interest: especially issues relating to counter-terrorism, where the protection of British citizens is at stake.

- Q61 **Chair:** Is there an opportunity here to rethink or improve our relations with Russia? As the Committee found when we went to visit Moscow, they could hardly be worse at a political level.

Mr Hammond: My own view is whether we are inside the European Union or not, our position should remain that sanctions should stay in place without relaxation until Russia has complied with its obligations under the Minsk agreement. Beyond that, the Crimea-specific sanctions should remain in place so long as the illegal annexation remains.

- Q62 **Chair:** Using Russia as an example, now we have got to make a clear statement about what the values of the United Kingdom are, perhaps reassuring those people who voted Remain that the values of the United Kingdom have not suddenly changed as a consequence of the referendum outcome. What recommendations will you be making about investment in the softer side of the relationship with Russia: culture, university exchanges and the rest? Presumably, having to invest in a bilateral relationship, even at a non-political level, would play out for all our other bilateral relationships and we will need to scale up both the messaging and the reality of our presentation of British values around the world.

Mr Hammond: Despite the other difficulties we have had, we have maintained cultural and people-to-people relationships with Russia. We have always been clear that we don't have a dispute with the Russian people. We have a dispute with the Russian Government and its behaviour. We have seen over the last couple of years, when relations have been at their most difficult, none the less significant cultural exchanges with Russia. We continue to encourage people-to-people



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exchanges for non-official Russians on the principle that, however difficult Government-to-Government relations are, the best way to hope to improve things in the future is to build people-to-people relations, so that we get to know each other, we get to understand each other. Hopefully, in due course, we will find that we have a less difficult relationship at Government-to-Government level.

- Q63 **Chair:** Do you recognise, in the circumstances of Brexit, that there is a need for the UK overall to upscale its investment in, let's call it soft power projection, or—

Mr Hammond: We are variously measured as the first or second most effective soft power in the world. I think in this year's rankings we have come second to the United States. Last year we came first, with the United States in second place. I think that is not a bad position for the world's fifth largest economy, with a population of just 60 million people, and it shows an area where we really do continue to punch above our weight. It is a priority of ours to maintain that role, and we do so through a variety of tools.

- Q64 **Chair:** I understand; my question is whether we should be increasing investment in that area, following the referendum.

Mr Hammond: We should certainly increase effort. I am afraid—I am sorry to repeat myself—that I am rather averse to the instinctive association of financial investment with increased effort. We need to do things smart. We need to make our soft power influence felt, but I don't necessarily associate that with increasing financial resource in this area. We have got, as you know, a settlement, which allows us to pursue this agenda, and a settlement, more broadly, outside the Foreign Office, which allows the British Council to bid for substantial funds to take this agenda forward over the remainder of the spending review period.

- Q65 **Mike Gapes:** Can I take you back to your remarks about co-operation with the European Union after we leave? One of the most important areas is the common foreign and security policy; and then there is the defence aspect, as well. How do you see the possibility of the UK participating, or continuing to co-operate with the common foreign and security policy, and the defence co-operation? How can that continue after we leave the European Union?

Mr Hammond: I think it is conceivable. I think it is possible to conceive a model where it could continue, because in foreign and security policy, as you know, decisions are made by consensus, so right now, although this is done under an EU umbrella, in effect what we do when we sit round that table is explore whether we can come to a common position at 28. If we can't, we don't. I don't see any reason why we would not want to continue in many areas to discuss with our 27 nearest neighbours whether we can reach a joint position on a matter of foreign or security policy.

- Q66 **Mike Gapes:** Does that mean that we could have—it is not a direct parallel, but the EU has an EU-Russia council—there could be an EU-UK council, where we actually could have a defence and foreign policy



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discussion and co-operation, and then our Ministers would actually be in the discussion? Or do you actually envisage something else, which would be some kind of European defence union or foreign policy union, where UK Ministers were actually in the meetings when the common position was reached by the EU states?

Mr Hammond: There are a variety of models. I don't think it would be helpful to narrow down the field at this stage, other than to say that clearly, I would rather have a greater involvement than a lesser involvement in shaping a common position on a foreign security policy issue. That goes without saying. If I may say so, I repeat that the UK has been extraordinarily influential in formulating and shaping EU security and foreign policy. We can't expect to be as influential from outside, but I would hope we would still be significantly influential.

Q67 **Mike Gapes:** So this should be a big objective in the Brexit negotiations?

Mr Hammond: It should be an objective. Again, I don't think I can—I want to set out which are our priorities for achievement and which are less a priority at the moment. We have a range of objectives, including of course access to the single market, and an outcome acceptable to both the UK and the European Union on freedom of movement questions.

Q68 **Chair:** Foreign Secretary, a final question before we go on to the conclusions of Sir John Chilcot and his inquiry team. What can the United Kingdom do to retain our current value to the United States once we lose our role as a bridge between the US and the EU, or would we still be a bridge between the US and the EU?

Mr Hammond: First of all, our relationship with the United States is a deep and resilient one. As members of the Committee will know, it is based on many, many common strands of culture, language, history and values, but it is also based on a very significant security, intelligence and defence co-operation which benefits both countries and is of great value to both countries. I anticipate and confidently expect that the relationship with the United States will continue.

As far as the European Union dimension is concerned, clearly the US has seen the UK as a champion of Atlantic values within the European Union. The US will regret, and has already said that it will regret, the loss of that voice inside the European Union. Whether and how a three-legged stool relationship can work with the United States, the UK and the European Union in the future will depend very much on the type of arrangement that we are able to negotiate with the European Union going forward.

Chair: Let's move on to the conclusions of the Chilcot inquiry.

Q69 **Mr Baron:** Foreign Secretary, yesterday Sir John Chilcot made the point—perhaps one of his most poignant points—that we had not explored all other possibilities before going to war. Given that I hope we can all agree that war should always be the measure of last resort, has the time not now come for the Government to do something that no Government have done since 2003 and admit that our intervention in Iraq was a mistake?



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Mr Hammond: Sir John has drawn the conclusions that he has. He has produced a massive report, which we will obviously study very carefully. We will have a two-day debate in Parliament, which I will open next Wednesday. I am not going to pretend I will have read the Chilcot report by next Wednesday's debate, but I hope I will have a deeper understanding of Sir John's thought processes and conclusions by the time we have that debate.

The key thing for me, if I may say this, is that on the process by which we became involved in the Iraq conflict, Sir John does not see duplicity or mendacity; he sees people acting in good faith, but on the basis of flawed processes. As the Prime Minister said yesterday, we have moved to address many of those flaws in the processes. What we will need to do over the coming weeks and months is identify where there are further weaknesses in process that we can see from a reading of Sir John's report that have not yet been addressed in the machinery of Government changes that have already been made.

Q70 **Mr Baron:** With all due respect, Foreign Secretary, that is a very establishment response. You do not have to intend to make a mistake to actually make a mistake. One is not implying through the question that there has been duplicity or deceit, but the conclusions of Chilcot to anybody who looks at them, even briefly, will determine, whether it is the lack of follow-through planning or the poorly formulated intelligence—perhaps most importantly of all, particularly for those of us who have served in Her Majesty's forces, force should always be the weapon of last resort, and his overriding conclusion is that that was not the case in this situation.

Is it not the time for the British Government to do the decent, humane thing—after all, Jeremy Corbyn has apologised on behalf of the Labour party—

Ann Clwyd: No.

Mr Hendrick: No he hasn't.

Mr Baron: All right. We'll see. Let's put Jeremy Corbyn and the Labour party to one side; obviously, his backers here dispute whether he has apologised or not.

Chair: Questions to the Government are the priority.

Mr Baron: Precisely. It would surely be humane, certainly to the families and friends of the 179 service personnel who died in Iraq, to apologise. It would also do our international relationships a power of good, because the consensus out there is that this was a mistake, and our reputation has suffered accordingly. Has the time not now come to read the writing on the wall, put aside deceit and intention, and say, "This was a mistake"?

Mr Hammond: We have all heard what Tony Blair had to say on this subject yesterday, and I think—



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Mr Baron: I am asking you, not Tony Blair.

Mr Hammond: It is a question that first of all has to be addressed to individuals. It is also important that we do not conflate different parts of this question. Clearly, the way the campaign was conducted and the way the aftermath of the campaign was prepared for or not prepared for has come in for heavy criticism in the report. My own view certainly would share quite a lot of that criticism.

Q71 **Mr Baron:** I hear what you say, but you are slightly deflecting this. Mr John Chilcot's conclusion was that all other possible options had not been explored before we went to war. I don't think anybody can doubt that.

Mr Hammond: That is a process failure. That does not necessarily mean that the conclusion would have been different had the proper process been followed. It may have been, but it does not necessarily mean that.

Q72 **Mr Baron:** In coming to the conclusion, Foreign Secretary, that not all other options had been properly explored, he had already taken into account the processes—the lack of process, the lack of proper intelligence gathering and all the other factors. He had taken those into account in coming to his conclusion that not all other options had been explored first, before deciding to go to war. Given that that is his conclusion—quite unequivocally; it was almost his first sentence in his summary statement yesterday—is it not now time, for the sake of the families who lost loved ones in the war and for the sake of our international reputation, to admit finally, after this Chilcot report and its conclusions, that it was a mistake to intervene in Iraq when we did?

Mr Hammond: Look Mr Baron, you have a well-known position on this that you have presented on countless occasions in Parliament. Sir John has made some clear findings in this report. The Government will need to study them very carefully. We must draw the correct conclusions from them, and we must ensure that our actions in future are properly guided by them. But I do not want to jump to instant conclusions about what we should or should not do on the basis of 24 hours of having this information.

Q73 **Mr Baron:** One is not asking you to jump to conclusions. This report has been long in coming. The facts have been now laid bare. One is not asking for hasty conclusions or even an apology. What one is asking for is an admission from the Government that this was a mistake. If the Government is not big enough to admit a mistake, at the end of the day there will always be a lingering doubt as to whether the lessons have been truly learned. I leave that thought with you. If we are not big enough to admit when we are wrong, it does not bode well for the future.

Mr Hammond: The key lesson—I am repeating myself—that I draw from this is about failures of process all the way down the line. Those are lessons that we can very clearly draw. We can take corrective action to ensure that those kinds of failures of process cannot occur in future. As the Prime Minister explained yesterday, in critical areas—such as the operation of a formal National Security Council, with the Attorney General



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sitting as a full member of it, and the innovation of having the intelligence chiefs and the Chief of the Defence Staff in the room as full members of that council so that they are not being reported second hand but are speaking truth unto power across the table—a lot of those steps have already been taken. On an initial reading of Sir John's findings, my judgment is that you can never say it would be impossible but it would be most unlikely that the same kind of failures could occur, given the structures we now have in place.

- Q74 **Stephen Gethins:** On that very point, as you point out, the consequences of the failures in process were pretty devastating. I'm sure we can agree on that. You are saying that measures have been put in place. Does that not concede Mr Baron's point that a mistake was made? If a mistake was made, it might be helpful for the Government of the day—I know that it wasn't a Conservative Government then, but you are the Government now—to concede that mistake as a way of moving things forward.

Mr Hammond: I have acknowledged that there were failures of process. No one could argue that there weren't failures of process.

- Q75 **Stephen Gethins:** I took that there were failures of process, but do you admit that a mistake was made?

Mr Hammond: That is a more complex conclusion—that the failures of process together mean that the operation itself was a mistake. That is what you are inviting me to conclude, and that requires more analysis than I have been able to do so far.

- Q76 **Chair:** Let us put it another way. If I knew then what I know now, I would certainly never have voted the way I did in 2003. What is your position?

Mr Hammond: I am here to answer questions on behalf of the Government. How we voted as Back-Bench Members of the Opposition 13 years ago is a separate issue.

Chair: I was a Front-Bench Member of the Opposition.

Mr Hammond: Actually, so was I.

Ann Clwyd: Chair, may I intervene at this point? There are other points of view on this Committee. If we are to have this debate here, it cannot be one-sided. The other side must also be put.

Chair: I was just trying to put that point. You will have your opportunity, Ann.

Mike Gapes: I don't resile from my vote, I don't apologise for my vote, and I don't want the impression to be given that you are speaking for us all, because you should not be.

Mr Hendrick: We seem to be queuing up to beat up the previous Government.

- Q77 **Chair:** Thank you, Mr Hendrick. We will have those conversations



elsewhere.

Let us move back to Chilcot and the implications for the US-British relationship. Foreign Secretary, do we have today more or less influence over the United States than we appeared not to have in the run-up to the war of 2003?

Mr Hammond: Let me answer that this way. US and British foreign policies will often align because we have so much in common—shared interests, shared values, and a shared approach to problem solving—but they won't always align. In a relationship between two sovereign nations, it is very important that, however close they are, both retain the right to step back and have a difference of view on a particular issue. I can only speak for the situation I have seen in my two years as Foreign Secretary and nearly three years before that as Defence Secretary—I don't have any exposure to the state of the relationship during the early 2000s, other than as exposed in the Chilcot report—but I think our relationship with the United States is strong enough and mature enough that when we have a difference of view we express it privately but clearly to our American partners. On many occasions—not always, but on many occasions—our American partners are willing to look again, think again and work with us where we have a difference of interpretation or of emphasis.

On many issues—such as the Iran nuclear negotiations, the approach in Iraq, the approach in Syria and the handling of Russia over Ukraine—the UK has been an influential voice with the United States. That is not to suggest that we can somehow determine US policy—of course we can't. However, a friendly but when necessary critical voice from a country that thinks in broadly the same way and speaks the same language but is prepared to stand up and challenge is a valuable attribute in a partner.

Q78 Chair: So your experience, possibly as a consequence of the Iraq decision making in 2003, would be that the United States listens to us more than it did on that occasion—it plainly did not listen then.

Mr Hammond: Looking at the specific point about post-conflict planning, maybe my colleagues might want to comment on this but I sense that there is a recognition in the US system that post-conflict planning is one of the areas where Britain has particular insights to offer, and we worked very closely with the Americans and I think we played a very influential role, for example in Afghanistan, on the reconstruction role.

Sir Tim Barrow: Just to confirm, if I may, Mr Chair, as I was in Washington 10 days ago as part of a regular strategic dialogue, post-conflict planning was very much one of the areas that we were looking at, and where UK expertise and engagement were much appreciated. So that is definitely an area where it is seen as a strength and I think that is clearly something that is valued within the US system as something we bring to that relationship.

Mr Hammond: I would like to emphasise again that when you are the world's largest power, by some distance, it is quite easy to get into groupthink within your own institutions, and I genuinely believe that we



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play quite a useful role as a trusted outsider that's very, very close. We're close enough to understand the discussions that are going on within the US system but we are still an outsider with a distinctive view. And I think we often manage to provide that little bit of grit in the oyster that helps to crystallise the thinking that's going on between different parts of the US system, and I hope we will be able to continue playing that role.

- Q79 **Stephen Gethins:** I have just a question on the failures of process that you identified a short time ago—sorry to take you back, Foreign Secretary—and the changes that have been made. Can you maybe outline how the changes that were made were applied to the conflict in Libya?

Mr Hammond: I hesitate because I was not in the Ministry of Defence at the time the Libya conflict started and I may have to defer to others—

- Q80 **Stephen Gethins:** I think you were Defence Secretary in October 2011.

Mr Hammond: That is right—just. In fact, the conflict was coming to an end. The last strike operation authorised in that conflict was authorised by me on my first day as Defence Secretary.

- Q81 **Stephen Gethins:** Sure. But even if you reflect on the aftermath as well—

Mr Hammond: So my hesitation is around the exact sequence of the creation of the National Security Council and the National Security Secretariat apparatus, and the decisions made around the Libya conflict. I don't know if either of my colleagues can recall which came first.

- Q82 **Stephen Gethins:** But had the lessons from Iraq been applied to Libya?

Mr Hammond: The answer is that they may not have been fully applied in institutional terms and machinery-of-government terms at that point, but they clearly had been understood, because we came into government in 2010 with a fully worked-up plan to create the NSC and the NSS, which was largely a result of the discomfort with what had been revealed about what was then usually called "sofa government" and informal decision taking. There was a desire for a much clearer and more formal process of decision taking that involved not only politicians but the experts whose evidence, as it transpired, had often been pleaded in aid of decisions that were made but who were not at the table to explain that advice in full.

Sir Simon McDonald: The National Security Council was established on the first day that the Government came into office in May 2010. All the decisions leading up to our operations in Libya were discussed at the NSC with the Chief of the Defence Staff present.

Mr Hammond: It is also worth reminding the Committee that, in the case of the Libyan intervention, we were intervening in response to an appeal by the Arab League and an authorisation from the UN.

- Q83 **Stephen Gethins:** But do you feel that, in terms of post-conflict planning when you were in post, the lessons from Iraq had been learnt and were



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implemented during that period?

Mr Hammond: Generally speaking, post-conflict planning has to happen at an earlier stage than the end of the conflict. It was a different type of conflict because, of course, we were not present on the ground and, therefore, we had no control over the situation. The situation in Iraq was one where we were, along with allies, formal occupying powers with all the responsibilities and duties, under international law, of an occupying power. As the Chilcot report shows, we were not always prepared to discharge those obligations as well as we should have been.

In Libya, we were never an occupying power. There was never a question of Britain or any of its partners in that operation being an occupying power in Libya, so the same kind of questions did not arise.

- Q84 **Chair:** Can we move on to the National Security Council and its operation in Libya? The Chilcot report points to the danger of groupthink—when small groups of people with particular responsibilities make decisions. Could that apply to the National Security Council?

Mr Hammond: It is less likely because the National Security Council is a larger body and it has disparate membership. There are normally four people in the room representing the intelligence community: the head of the Joint Intelligence Committee and the heads of the three secret intelligence agencies. And, I think, defence intelligence is there as well. Is that possible?

Sir Simon McDonald: No.

Mr Hammond: Right, the head of the three agencies then. There is the Chief of the Defence Staff as a representative of the military interest. There are senior civil servants, depending on the subject, which would typically include the Permanent Under-Secretary of the Foreign and Commonwealth Office as well as key Ministers.

- Q85 **Chair:** That is helpful. Sir Simon, do you feel bound by a sense of formal collective responsibility and personal responsibility for the decisions taken by the National Security Council?

Sir Simon McDonald: I, along with all the other officials who are present, are there to advise the committee. We are to give honest, expert advice but the decisions are for the Cabinet Ministers, who are the formal committee members.

- Q86 **Chair:** When the then Chief of the Defence Staff came to give us evidence on the operation of the National Security Council on the Libyan crisis, he made clear that he did not share the definition of the national interest that the NSC had apparently come to. He made it quite clear that it was the Prime Minister's judgment about what was in the national interest, not his. Do you think he was entirely valid in making that distinction?

Sir Simon McDonald: I don't know who you are referring to.

- Q87 **Chair:** I am referring to Lord Richards, who gave evidence to our



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Committee. It is on our website, so you can see it. It is in answer to me under question 328. Lord Richards said, "That was an inexperienced attempt to explain why we never finished that conversation. I think the Prime Minister felt it was in our national interest."

Sir Simon McDonald: Lord Richards can and does speak for himself. All that I can tell you is that he was, as Chief of the Defence Staff, an adviser present at all NSC meetings during his time as CDS.

Mr Hammond: I think that the key thing for me—and let's go to the heart of this—is that one of the suggestions that has been hanging around for a decade now is that some of the evidence that was adduced in support of the decision to go to war in Iraq was misrepresented. I believe that having the Chief of the Defence Staff, the heads of the three agencies and the chairman of the Joint Intelligence Committee sat at the table, able to speak freely in those meetings, makes it much less likely—if not, impossible—that that kind of evidence could be, in any way, misrepresented to those making the decisions.

Q88 **Chair:** There have obviously been accounts of the conversations at the National Security Council meeting, particularly around the issue of whether it was in the British interest to intervene in Libya in February-March 2011. From the accounts that have been given and to a degree confirmed by Lord Richards in formal evidence to us, plainly it would appear that the Chief of the Defence Staff and the head of MI6 had a different view on most of the merits of intervention.

Mr Hammond: I cannot—

Q89 **Chair:** I am therefore asking how the new structure—in that sense the Prime Minister seems to have overridden the advice he was getting, even in a conversation in the National Security Council.

Mr Hammond: I do not think it is a question of the Prime Minister overriding advice; it is a question of the advice being heard first hand by Ministers around the table who have to take collective responsibility for the decisions that are made. It is not just hearing advice or reading a paper; it is being able to challenge or interact with the individuals, and the National Security Council discussions are more free-flowing than a formal Cabinet meeting often is. Often a conversation develops where people round the table will ask supplementary questions of the experts, and the experts will sometimes present not always completely aligned views on an issue. We hear something that is a little bit closer to the raw position, rather than the refined intelligence product.

Q90 **Chair:** So your view would be that the operation of the National Security Council reinforces formal Cabinet government.

Mr Hammond: The National Security Council formally is a Committee of the Cabinet.

Q91 **Chair:** Shouldn't other Cabinet Committees behave in this way then? It is rather odd that there is a distinction between the kind of conversation that you might get in the National Security Council and the kind of



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conversation that you suggest there would be either in formal Cabinet or other Cabinet Committees.

Mr Hammond: I am not aware of other Cabinet Committees that have a regular participation of non-ministerial figures in the way that the National Security Council does. Certainly the Cabinet Committee I chair does not have non-ministerial presence at it. Sorry, I have lost my train of thought.

Q92 **Chair:** I am just inviting you very openly to reflect on the organisation of the National Security Council and how it relates to other elements of Cabinet government.

Mr Hammond: The point I was going to make—I don't want to speak for the Prime Minister, but I think he would say—

Q93 **Chair:** I would be very happy if you didn't speak for him, because I would like him to come and give evidence to us on Libya. Yesterday on the Bench, I saw you volunteer the information to him that you were appearing before us tomorrow, so I fear you might be.

Mr Hammond: I do not want to speak for him, but let me say this: I suspect that the Prime Minister would say that the creation of the National Security Council, as a machinery of Government move in 2010, should be read as a very clear break with the tradition of informal decision making between the Prime Minister, advisers and very small groups of Ministers, informally and perhaps not always fully minuted. That was something that Chilcot noted and commented on.

The Prime Minister wanted to create a structure in which you could get the benefits of informality—in other words that you could have a proper discussion that was not so over-structured that it wasn't productive—but done in a properly contained environment, properly minuted with the presence of officials in the appropriate way. I think the National Security Council strikes the right balance. It is a real discussion in the National Security Council, but it takes place within a formalised framework. I think we are in a much better place now than we were in 2003.

Q94 **Mike Gapes:** Yet the Foreign Affairs Committee in the last Parliament, when we did a major report on Afghanistan, discovered that actually it was not the National Security Council that made the decision to set the timetable for withdrawal from Afghanistan. It was done outside the National Security Council meeting in discussions between the Foreign Secretary and the Defence Secretary. That was in our report in the last Parliament.

Chair: But there was not a National Security Council.

Mike Gapes: There was a National Security Council. It was not done in that way, because a political decision had been made by Ministers after discussions with the United States. It was not then considered by the National Security Council, and that had consequences in Afghanistan for our military and for the long-term stability of the Afghan situation.

Mr Hammond: I cannot recall the precise—



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Mike Gapes: You were not the Minister at the time.

Mr Hammond: And I cannot remember whether I was the Minister. That was before my time, I think.

Mike Gapes: It was before your time.

Mr Hammond: Yes. And of course I am not trying to suggest that the establishment of the National Security Council means that no two Ministers who are on it will ever speak to each other outside it. Of course they will. There will be informal—

Q95 **Mike Gapes:** But the actual decision was taken not after any advice from the National Security Council; it was a decision taken outside.

Mr Hammond: I am not aware of that.

Mike Gapes: Read our report from the last Parliament.

Mr Hammond: I imagine that decision would have been ratified by the National Security Council even if the initial response to the US had been agreed by Ministers outside the council.

Q96 **Ann Clwyd:** May I ask you about Iraq and reconstruction? The criticism made by Chilcot is that we did not plan or prepare properly for the reconstruction needed in Iraq after 2003, but can I preface that question by saying I don't think the intelligence was very good prior to 2003, because there did not seem to be any understanding that Basra, for example, had been underfunded for many years because of Saddam's attitude towards the Shi'a and so its reconstruction needs were very clear even before 2003. Is that your understanding?

Mr Hammond: First, it is important that I say that of course reconstruction is the lead responsibility of DFID; the reconstruction effort would be expected to be led by DFID. But it is my understanding that development and investment needs were highly differentiated across Iraq because of the way the country had been run, with areas that were deemed to be politically hostile to the regime being deprived of investment; and therefore it is reasonable to assume that the reconstruction effort would need to have recognised that.

Perhaps I should say at this stage that it is clear to me that the big mistake in post-conflict planning was the decision to stand down the Iraqi army and implement an aggressive programme of de-Ba'athification. The measure of acceptance of that as an error is the fact that, in relation to Syria, every single member of the International Syria Support Group, including the United States, Russia and all the major players in the middle eastern region, are clear that the objective is not to dismantle the institutions of the Syrian state and thus repeat the mistake that was made in Iraq.

Many of the problems that we see in Iraq today, in my judgment, stem from that disastrous decision to dismantle the Iraqi army and to embark on a programme of de-Ba'athification, which the current regime, Prime



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Minister Abadi's Government, has a clear policy to reverse—to end the de-Ba'athification programme and reintegrate former Ba'athists into civic life—but is unable to get through the political system, because it has become a touchstone of the Shi'a-Sunni divide in Iraq. If we had gone a different way after the war, I would expect we might have been able to see a different outcome.

- Q97 **Ann Clwyd:** May I suggest to you that we should have been much stronger with the Americans in Baghdad, where we had a presence as well? When the dismantling of the army was taking place, I personally went to Bremer to tell him about the way people were being treated—senior people in that army, some of whom were relatives of people in this country and had been professional soldiers and who were willing to help in the changed circumstance, but were just pushed aside. I think we should have been much tougher with the Americans and not accepted decisions without protesting.

Mr Hammond: People will form their own views about that. The reality on the ground of course was that the Americans were a much larger contributor to the ongoing military effort than the UK was. While that should not stop us from voicing an opinion or expressing a view and arguing it forcefully, realpolitik tells me that he who contributes 10 times as many troops will have a significantly larger voice in the decision-making process.

Something else you could have said in framing your question is that it is clear that a significant number of Ba'athist officers have formed the professional core of what is now Daesh in Iraq and Syria, and have given that organisation the military capability it has shown in conducting its operations.

- Q98 **Ann Clwyd:** The other point that I want to make—I am sure you agree—is that nation rebuilding takes a long time, and the timescale was unrealistic. Here was a society that had been treated with great brutality, and to rebuild it, despite the efforts we made in helping to train the judiciary, train the police, and train people in human rights considerations and in how to do the press, took time. We played a significant role, but the timescale was much too short. Given what ISIL has done now in the country, rebuilding somewhere like Fallujah or Mosul is going to take even more time. I hope that we are going to recognise that we will need to give more help to the Iraqi people than we are already giving.

Mr Hammond: We certainly recognise that the UK will need to play a role in the reconstruction of Iraq. Iraq's Arab neighbours will also need to play a role in that effort. I think it may go further than just that it was too short a timescale. Maybe it was too great an ambition to try to simply dismantle a quite sophisticated country with a long-established civilisation and traditions and cultures of its own, and recreate a sort of—I don't know what it was—a mid-Atlantic construct of what governance should look like, often going against the grain of local culture and local tradition. I think that if you look at what is being said about Syria—



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Ann Clwyd: I think we were more sensitive to those issues than the Americans.

Mr Hammond: I hope we were. What is being said about Syria by everybody—of course, in Syria we can only say, because we don't have any position on the ground to do—is that we need to approach the post-conflict situation in Syria with a much greater degree of realism, recognising the limits of what is achievable and seeking to move Syria in the right direction. Nobody really thinks that in one bound we should turn Syria into a European-style democracy overnight. That is not a realistic, or perhaps even a desirable, outcome. We should focus our attention on trying to create a Syria post-conflict that has a Government that is acceptable to the overwhelming majority of its population and able to represent people of all faiths, confessions, nationalities and ethnic minorities. We didn't get it right in Iraq; nobody seriously disputes that.

Q99 **Mr Hendrick:** Do you accept, Foreign Secretary, that trying to reconstruct and rebuild Iraq was an American experiment that went badly wrong? The last time that something was tried on that scale post Second World War was the reconstruction of Germany and Japan. The difference, obviously, was that in Germany and Japan you had an unconditional surrender—a nation that was willing to change and reconstruct in a way in which the Western powers were happy to do. With Iraq—with the sort of disorganisation, chaos and mess that were left afterwards, and the disparate religious and political influences there—looking at it with hindsight, which is obviously 20:20, it now seems that that would have been impossible to achieve. Obviously, we have seen what has happened since. Are we perhaps being too optimistic with Syria in hoping that at some stage in the future, by leaving those organs and machinery of government in place, something quite progressive and positive can come out of it?

Mr Hammond: It depends what you mean by progressive and positive, I think. Look, I am sure that the experience of reconstruction in Germany after the Second World War did influence American thinking about post-war Iraq, but, as you pointed out in your question, the circumstances were completely different. The fractures within Iraqi society on religious and confessional lines, ethnic lines, did not exist in post-war Germany. In post-war Germany, one was dealing with a largely homogeneous population that had been comprehensively defeated. In post-war Iraq, one was dealing with a majority community that felt that it had been liberated from oppression by a minority population, and where there were an awful lot of old scores 'to be settled. So it was a completely different situation.

I think we approach current similar problems, including Syria, with an appropriate degree of humility. I think we all recognise, including the Americans, that these very complex civilisations in the Middle East are just not susceptible to the same kind of simplistic approach and treatment, and we would not try it.

Q100 **Mike Gapes:** Yesterday, the Kurdistan Regional Government put out a statement saying that they would be eternally grateful for the British role



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in liberating them from the Ba'athist fascist regime. They said that they wanted greater, closer co-operation with our country. You have referred to the ongoing assistance that we and the international community can give. Kurdistan, despite all its problems—you have visited, I hope—is a democracy, and it has a lot of potential, but is suffering greatly at the moment because of the gas and oil revenues. Should this not be a priority, because it is a part of Iraq where British people are loved, which is very grateful to us, and which has huge potential? Should we not be doing more?

Mr Hammond: We are doing a lot. First, we recognise the Kurdish Peshmerga as a very important part of the force available to the Government of Iraq and to the coalition in defeating Daesh. As you know, we are doing quite a lot in the KRG to train and equip Peshmerga, particularly in counter-IED techniques, which is their most pressing need at the moment—the largest cause of attrition of Peshmerga forces is IEDs.

The KRG face some very significant economic challenges—in fact, I would say larger economic challenges than Iraq as a whole faces. They need to recognise the reality of the changed market for oil, and the fact that the private sector of the economy in the Kurdistan region needs to be reinvigorated. This is not an economy that can survive on oil alone in the future. Some pretty difficult decisions need to be taken, which of course are doubly difficult because they are being taken at a time when the region is effectively in a state of general mobilisation.

Chair: A question of reconstruction from an unreconstructed interventionalist.

Mr Hammond: Before we finish, may I just correct the record if I made a mistake? I said that I was meeting my EU counterparts next Sunday. I visually indicated that means the Sunday after this one, but of course that will not come through in the record. Sunday 17 July is when I am meeting my Foreign Minister counterparts.

Chair: I sincerely hope that you enjoy that meeting, can present a positive vision of the United Kingdom for the future and take up the opportunities that we now have. Thank you.