

Foreign Affairs Committee

Oral evidence: Future of Britain's diplomatic relationship with Europe, HC 514

Tuesday 31 October 2017

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Members present: Tom Tugendhat (Chair); Ian Austin; Chris Bryant; Ann Clwyd; Mike Gapes; Stephen Gethins; Ian Murray; Andrew Rosindell; Royston Smith; Nadhim Zahawi.

Questions 1-47

Witnesses

I: The Rt Hon the Lord Hague of Richmond and Lord Ricketts GCMG, GCVO.

Examination of witnesses

Witnesses: Lord Hague and Lord Ricketts.

Q1 Chair: Good afternoon, and welcome Lords Hague and Ricketts. Both your careers go before you, so I will not dwell on any particular aspect as there is so much that one could cover. We will go straight into our conversation. It is extremely good to have you here as we are moving into the next stage in this Committee. We are not fighting the close battle of Brexit; we are planning to look on the day after. So, after we have taken the beach and dominated the commanding heights, what does the relationship look like before we get to the Falaise Pocket? May I start with what are the advantages and disadvantages to the UK of participation in EU foreign, security and defence policy mechanisms, something I know you are both very familiar with?

Lord Hague: Thank you, Mr Chairman. There are many advantages. Indeed, the advantages, in my view, greatly outweigh the disadvantages of participation in such mechanisms. One way to think about that through a practical example has been policy on Iran, where the United Kingdom has been instrumental in creating the sanctions regime on Iran and then working with the rest of the EU on what became the joint comprehensive plan of action, the nuclear deal with Iran. The fact that the whole EU was together on that, and that the UK could help co-ordinate the EU and the United States on it, greatly added to the impact of western policy overall and to bringing Iran to the negotiating table. That is one of the most obvious examples of recent years. Of course, we could quote dozens of other examples in descending order of importance, but that is one near the top of the table.

As to disadvantages, there can be some because sometimes participation in the EU's common foreign and security policy represents a dilution of the UK's position. Sometimes the UK is unable to take as robust a line on a particular issue because that policy cannot be agreed at the EU. There have been examples earlier this year, for instance, of the EU being unable to settle a strong line on human rights in China. Then, the UK's policy is weakened by participation in the European Union. However, I think the advantages—as I mentioned at the beginning—far outweigh the disadvantages, and this is one of the things that is lost with Brexit.

Lord Ricketts: I agree with Lord Hague that the amplifier effect of being able to deploy our foreign policy through the EU has been a benefit, definitely, not least because, usually, the British have been coming up with ideas and amplifying them through the EU and giving them greater impact in the world.

Lord Hague mentioned Iran, which is a very good example. Another is sanctions on Russia. The UK individually taking sanctions on Russia would not have had a great deal of impact, but the EU collectively taking them and keeping them on Russia for years after the Crimea invasion has



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increased their impact. I believe that it is a net loss that we will not be able to multiply our foreign policy effect through the EU. There are ways in which we will have to mitigate that—I am sure we will come on to that.

You touched on security and defence as well. Clearly, in the security area, in terms of counter-terrorism and organised crime, there are great advantages in working through the EU and its mechanisms. The EU is never going to be the centrepiece of British defence—NATO will always be that—but it is in our interest, in my view, to continue to encourage the Europeans to increase their capabilities in the defence area. We can perhaps talk in more detail later.

It can only be to Britain's advantage that Europe should do more to strengthen its capabilities. There are areas where we need to watch European integration on defence, particularly in the defence industrial area. Although progress has been disappointing since our St Malo initiative 20 years ago, nevertheless, it is to Britain's advantage that Europe continues to work on improving its defence capacity, rather than its institutional load.

Q2 Chair: Forgive me, can I push you a little bit on that, Lord Ricketts? You were instrumental in working on the St Malo initiative and, as ambassador in Paris, you will no doubt have followed the recent speech by President Macron on his view of European defence. I would be grateful if you gave your view on how we should be interacting with his suggestions. Should we be attempting to block them? Should we be attempting to support them or merely to match in with them?

Lord Ricketts: Yes, indeed, I read with interest what President Macron said—a president I know well, and I have talked to him about these things. He starts off his passage on defence with something that could have been a quote from St Malo. He talks about the importance of Europe having an autonomous capacity for action, complementary to NATO. That is exactly what we were trying to achieve in St Malo in 1998. The British Government at that time had ambitions to see European defence grow into a really useful, usable military capability. There was even talk of a goal of 60,000 forces—the kind of thing we deployed in Kosovo and Bosnia.

That never happened largely because, in my view, the European Union is not the right forum for organising and commanding military forces. It is not the right DNA. It is an organisation principally designed for economic integration. Even though the military issues are supposed to be in the intergovernmental area, I do not think European leaders will ever want to use the EU for combat operations. President Macron diplomatically refers to an issue of strategic culture in the EU, and he is right about that. I do not think there is a strategic culture of defence and his solution is not in any way at the level of the problem. He suggests cross-posting volunteers in each other's armies. That is not going to solve the political problem that means that many European allies are not able to take decisions to deploy their forces quickly, Germany in particular. No criticism of the quality of German forces—you know very well, Mr Chairman—but they cannot get a decision to move quickly. So, I don't think European defence will ever be



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something we need to worry about in terms of competing military capacity. Indeed, the problem is rather that there isn't enough political will in Europe to use their defence instruments.

I would be relaxed about further moves towards creating an operational headquarters, for example. I think that is inevitable; I don't think it is particularly damaging. I would encourage the European Union to move on increasing their capacity. I hope that, post-Brexit, the British will continue to want to work with certain of the EU defence missions, which do useful work at a smaller level. In the aftermath of St Malo, we negotiated mechanisms that allow non-EU NATO countries to participate.

I would watch carefully how this European defence fund—for defence industrial co-operation—develops, because I can see that could become a protectionist vehicle for helping EU defence companies with research and development, and potentially be a disadvantage to us.

Lord Hague: Might I add that I agree that the President of France, faced with the next crisis in Mali or the Central African Republic, will not be waiting for EU agreement to send French troops? That is not really how he visualises it.

We have no option really but to be relaxed now about greater institutional co-operation within the EU on defence, because we can't leave the EU and object to that at the same time. We did regularly block it. I personally regularly blocked it as Foreign Secretary. The idea of an operational headquarters for the EU, we vetoed in 2011. But I think such things will now take place, and areas have emerged in the last few years—such as the need for European co-operation in the Mediterranean to police and defend the southern boundaries of the European Union—where a good case can be made for greater EU co-operation, and for the UK particularly to work with that and show what it can do with its allies in the years ahead. So there may even be cases where we want to positively enhance our work with a more institutionalised European defence framework.

Q3 **Nadhim Zahawi:** Welcome to you both. Lord Hague, soon after you became Foreign Secretary, you spoke about addressing a gap in the British presence as part of the EU where early decisions and early drafting take place. How did you address that gap?

Lord Hague: This was about recruiting more British people to the institutions of the EU. Yes, we held great meetings for universities at the Foreign Office. The then Minister for Europe, David Lidington, was extremely active on this, because there were insufficient British people going into all the training and entry levels of the EU institutions.

That work has taken quite a knock, of course, with the vote to leave the European Union. People are not now going to see their careers in that. So, we had started to make some progress, but that is now nugatory, I think we can safely say.

Q4 **Nadhim Zahawi:** Could you share this with us? Apart from the formal meetings of the Foreign Affairs Council or the Political and Security



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Committee, where are those early decisions taken? Where does the early drafting take place, do you think? What buttons can we push?

Lord Hague: The Political and Security Committee really is the key instrument—the key forum—here. There is no way round that. There is no substitute for that, which is why ideas about the UK being a permanent observer or something like that in the future—even after we have left the EU—are good ideas, in the interests of the EU and of the UK.

That really is the driver; it is where decisions are narrowed down. It is a committee that meets twice a week, often at short notice on a daily basis. That's where Foreign Ministers expect their ambassadors to remove 80% of the disagreement before something comes to the Foreign Affairs Council. There isn't really a way round that. If you are not in on the agenda and politics of the Political and Security Committee, it is very difficult to influence on a daily basis at least, rather than in broad themes, the foreign affairs approach of the European Union.

Lord Ricketts: May I add one rider to that, although I agree with it? I bear the scars on my back from having negotiated these documents around the time of St Malo over access for non-EU members to what was called decision shaping and then decision implementing.

The EU has always been sensitive, and will go on being sensitive, to this being an EU process and the EU being able to meet, particularly to take decisions but also probably take the shaping decisions. So I don't think it is realistic to expect that we could have a sort of permanent observer presence in these committees. We can certainly have lots of consultations before and after decisions, but we are going to be outside the door for the key discussions and therefore are going to have to work harder around the edges, as other non-members have to do.

Lord Hague: It might, just to have a debate among ourselves—

Nadhim Zahawi: Keep going.

Lord Hague: It might turn out to be unrealistic, but it is still a good idea. Some good ideas are unrealistic. It's worth a try by somebody—either by the UK negotiating team or the EU—because this is one fifth of the EU's defence expenditure leaving, more than that as a proportion of the EU's development spending, half its seats on the UN Security Council, and so on. So this is a rather different case from any of those considered at the time of St Malo. This is worth a try by either the UK or the EU side, because it is important to both sides.

Q5 **Nadhim Zahawi:** Let me ask you this, as you are both observers of the Foreign Office. How do you think the Foreign Office is shaping up in ensuring that UK interests are represented across the EU institutions at the moment? Do you think we are doing a good job?

Lord Hague: I think we do a good job. If I think of the battles fought by our diplomats—the people we sent over the years as our ambassador to



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the PSC—they are overwhelmingly won by the UK, with some compromises.

As a general rule in EU foreign affairs, if the UK, France and Germany line up together, they get their way on the vast majority of issues. With good people working in those key capitals and in the PSC and generally in Brussels, it is true that we still—in the old phrase—punch a little above our weight, but we have a lot of weight, anyway. So, yes, I do think we do a good job at the moment, but they will be in a totally different position after March 2019.

Q6 Chair: As a codicil to that, may I ask how the US and Canadians influence the PSC and decisions?

Lord Ricketts: They have large missions in Brussels that work hard at lunch and dinner tables around Brussels, but also around the margins, to stay as close as possible while outside the room, to hear what is going to happen, to try to lobby and influence that before it happens, and then engage afterwards.

It is right that British diplomats—I speak as a member of the trade union—have a reputation for being effective in Brussels, yes. One key thing that will be necessary after we leave is that we reinforce our effort in the capitals—I hope we will come on to talk about this—because the FCO is now very, very thinly stretched across the EU capitals. We have got away with it partly because we have been able to do the work in Brussels in the Committees. When we are no longer in the Committees, we need to reinforce in the other 27.

Q7 Nadhim Zahawi: That brings me nicely to my next question, which is precisely that. In your role as someone who is ambassador to an EU member state, what is your assessment of the UK's bilateral relationships with the EU27? In addressing that, how do you think those relationships have changed over the past 18 months? Could you give us a quick analysis of the past 18 months and how we need, as you put it, to beef that up?

Lord Ricketts: I have been out of it for the past 18 months. I am sure that my colleagues are doing a highly professional job, but I do think there is a problem of overstretch. From the period when I was permanent under-secretary seven years ago, I think the headcount in the FCO has fallen by about a fifth. Lord Hague and successors have opened up a number of new embassies, which is a good policy, but the result is we are stretched even tighter.

In Paris, with substantial staff, we were talking to the French every day on the range of foreign, security and defence issues. If you go to some of the smaller capitals, there might be two UK-based diplomats and the capacity to engage across the spectrum is very much less.

I think it is an absolute consequence of Brexit that we will need to reinforce, particularly in the smaller EU capitals, to ensure that we can



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influence Governments upstream of discussions in the PSC and that they know where Britain is coming from and why.

- Q8 **Nadhim Zahawi:** If you had the perfect structure and number of human beings, what would you say was the optimum for the EU capitals?

Lord Ricketts: In EU capitals, when the load falls on them of having to lobby for things that used to be done in Brussels, an absolute minimum of five or six UK-based staff would be necessary to cover that spectrum.

Nadhim Zahawi: We can do the arithmetic on that.

- Q9 **Andrew Rosindell:** Lord Hague, Lord Ricketts, why do you feel that the UK Government appear at least to have misread the mood on so many occasions, in terms of how other EU Governments would respond? A classic example, of course, is when former Prime Minister David Cameron said he wanted to renegotiate our relationship with the EU—in a fundamental and far-reaching way, I think it was—and he came back with nothing. Why did we misread the mood? Is it our own Government's fault or should we blame diplomats giving politicians bad advice?

Chair: Order. I must suspend the session. You have a moment to think about that question, as we have to run and vote. I am afraid these pressures are beyond you now, Lord Hague. You are liberated from such things.

Lord Hague: We do have Divisions in the House of Lords, though not at the moment.

Chair: That is true, though you have a little longer. We will resume at 3.15 pm.

Sitting suspended for a Division in the House.

On resuming—

Chair: We will resume. Lord Hague, do you remember Mr Rosindell's question?

Lord Hague: I do, and my answer is that I have a general disposition that Ministers should not blame officials for things that go wrong—something the honourable Ricketts will heartily agree with. Mr Rosindell's question was directed at the negotiations with the EU prior to the referendum. Something on that scale and magnitude is a political judgment. I might add that, if anything, official advice tends to stress the difficulties—sometimes unduly—of doing things, rather than encouraging over-optimism. The UK and Germany together achieved a remarkable thing in 2012 or 2013 when we reduced the EU budget for the first time ever, although the official advice was that it would be very difficult. But that was done. In the case of the negotiations, it was not done to the extent that the country was happy with, but we politicians have to take the responsibility for that.

- Q10 **Andrew Rosindell:** Could you therefore give some specific examples of



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how the advice given to Ministers in such negotiations, such as David Cameron's pre-referendum negotiations, is based on the reality on the ground? Can you give examples where it has worked—where officials have done the groundwork and Ministers have gone there and achieved a success? The way it looks at the moment is that too often the opposite happens.

Lord Hague: I had left the Government at the time of the negotiations prior to the referendum, so I cannot draw on any experience of that. One example I would give of a successful case is the one I just mentioned about the EU budget—the whole EU financial framework for the seven years up to 2020—which represented the first ever reduction in the EU budget. Officials, Ministers and Ministers of foreign countries worked together extremely successfully on that.

On foreign and defence policy, there are innumerable examples. Lord Ricketts earlier mentioned sanctions on Russia, for instance, which was something the UK did a lot of work to push after what happened in Crimea. That is another good example of officials setting expectations right and saying that it will be hard work, but that with this ministerial intervention or that intervention, we can do it. That is what we did.

- Q11 **Andrew Rosindell:** Lord Ricketts, it seems to me that one of the obvious examples was the UK Government's failure to emphasise to the German Government how crucial the free movement issue was in the forthcoming referendum. Had the Prime Minister and officials at the time managed to emphasise how crucial that issue was to the British people, maybe he would have come back with some kind of agreement that would have led to our voting to stay in the EU. That is an example. Are we failing on crucial points of that nature?

Lord Ricketts: I was not closely associated with the way that issue was put to the German Government at the time. No, I do not think it was a failure of understanding of the issues; inevitably, when David Cameron went along with a set of proposals, some were accepted and some were not. I do not think that the official advice particularly underplayed or overplayed the difficulties. It was an incredibly political and difficult set of negotiations, and the Prime Minister of the day got some of the points he was after and not others. So, no, I do not think so.

I just want to give you one other example of an area in which I think officials and Ministers worked well together on an EU negotiation in a very difficult area, which is in justice and home affairs. If you remember, Britain had a choice of opting in or opting out of a whole series of measures on justice and home affairs, and a decision was taken to opt out but then to opt back into a good proportion of them, such as the European arrest warrant, working with Europol and the Schengen Information Service—many things that are really important to our co-operation with Europe on security. Although it was difficult, the advice was that it could be done. The Home Secretary of the day—now the Prime Minister—took

that advice, and the FCO network around Europe lobbied hard and we were able to opt back into the operationally critical areas. It is possible to mount a campaign over many months and with a lot of lobbying, and come out with a result that we want.

Q12 Ann Clwyd: How would you assess the Government's tone over the past 18 months when speaking to and about Europe?

Lord Hague: To and about Europe?

Ann Clwyd: And about.

Lord Hague: On the issue of co-operation on foreign, security, defence and development issues, it has been the right tone. The Government have said not only that the UK seeks—notwithstanding leaving the EU—a deep and special partnership with the EU, but that the arrangements should go beyond any normal or existing third-country arrangements. That is the ambition expressed in the position paper that the Government published on these issues. I think that is the right tone. Of course, what we do not yet have are detailed proposals from either side about how to achieve that. Hopefully, that is something the Committee will offer ideas on. I could offer—can offer—ideas. I think that it is the right tone; it is the correct framing of the objective.

Lord Ricketts: May I add a view on that? Looking at it from European capitals, I think people find it more like a cacophony than any recognisable tone. They have heard quite a lot of messages about what we don't want the future to be. We don't want the single market, we don't want a customs union, we don't want freedom of movement, we don't want European Court of Justice jurisdiction, we don't want a Canada-style agreement and we don't want a Norway-style relationship. What they want to hear is what we do want. Much more important than any tone is having some sense of the strategy for post-Brexit Britain. Quite honestly, if you look at it from Europe, they are not hearing a clear message from London about that.

Q13 Ann Clwyd: At times, it has been quite aggressive. To suggest to Europeans that they can "go whistle", for example—is that the right tone?

Lord Hague: You can get a positive and a negative gloss from your two interlocutors. To put a bit more of a positive gloss on it, going beyond foreign and security policy, the Prime Minister's speech in Florence set the right tone in my view and was applauded by the EU's chief negotiator for injecting a new dynamism into the negotiations. Clearly, it has led to some progress in the last couple of weeks. I think European leaders responded positively to it. That speech set the right tone. That is not to say that every comment by everybody in the United Kingdom set the right tone.

Lord Ricketts: I agree that the speech was helpful, but the backdrop to it was not one of coherence and universal consensus. I think the European side find it puzzling when they are told that the ball is in their court to produce ideas about what Britain's future relationship with the EU should be. They rather feel that it was Britain who decided to go for Brexit, and it

is really up to Britain to say what it wants the relationship to be. They can offer us models—so far, we have tended to say no to the models on offer—but the idea that the ball is in their court to tell us what our relationship with Europe should be sounds odd, from my experience of talking to Europeans.

- Q14 **Chair:** May I perhaps pick up Lord Hague's very generous offer of suggesting some ideas? I emphasise very strongly that we are not the Brexit Committee and are not here to look at how the negotiations are going. We are doing the day after.

Lord Hague: A good starting point is a paper—this is reflecting something back to you—which I think came out of this Committee. Certainly, it was presented in Malta in April by the previous Chairman of the Committee, so I presume it had the endorsement of the predecessor Committee in the last Parliament. It advocated an enhanced participation framework of some kind, as some countries have with NATO, permanent membership of the Political and Security Committee, which I mentioned earlier, and some kind of formalised foreign policy dialogue between the EU and the UK. I think the right answer is some approximation of that. I do not think we need to reinvent the wheel; that was an excellent statement of what is necessary.

There is then—Lord Ricketts started to develop this point earlier—a lot of work to be done bilaterally to supplement that. That involves pursuing regional issues in Europe that are of direct relevance and help to our EU partners, particularly the Balkans, relations with Turkey, the control of migration and relations with Russia. The UK has a great deal to offer on all those issues bilaterally as well as collectively to the EU. That kind of institutional structure, supplemented by an energetic diplomatic effort on those kinds of issues in capitals across Europe, takes you to an overall vision of future foreign policy relations with the EU.

Lord Ricketts: In that context, the proposal in the Government's paper on a treaty to lock in place the closer co-operation in foreign policy on security and defence seems to me a very good one, but of course it is not compatible with a no-deal scenario for leaving the EU. It is completely incompatible with that. It can build on a successful negotiation of an exit strategy. As Lord Hague says, it needs to be reinforced by a whole series of initiatives to improve our bilateral relations with these European Union countries—many of which are very good, but there are always more things we can be doing on issues of importance to them and on reminding publics and populations of our shared history and the wonderful cultural offer that Britain can make to other European Union countries.

For example, I wonder whether another look could be taken at funding the British Council, which is no longer able to spend grant-in-aid money in European capitals. It has to raise all the money it spends there through English language teaching. The British Council could be very helpful with more cultural links between Britain and European Union countries, all to show that Britain is still there and Britain counts in these countries, even after Brexit.



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- Q15 **Ann Clwyd:** Since the European Parliament has a crucial role to play at the end of the negotiations, in that it has the power of veto, do you think it would be a good idea if the Prime Minister appeared before one of the plenary sessions of the European Parliament, to explain to the other countries exactly where we are going?

Lord Hague: That is a tactical judgment that can only be made nearer the time of a vote on this in the European Parliament. If there is a deal to be put to the European Parliament and to this Parliament, that idea should be looked at then, although I am not sure that asking Jean-Claude Juncker to address our Parliament would be the right way to get it through here.

- Q16 **Mike Gapes:** May I take you, Lord Hague, to the article you wrote in *The Daily Telegraph* on 12 June, of which the headline was "Brexit will defeat the Government unless it recognises that everything has changed"? In that article, you said that the Government should "Call in the CBI, the Institute of Directors, the British Chambers of Commerce, the Federation of Small Businesses, the TUC, the first ministers of the devolved governments, and the leaders of all the opposition parties—yes, even Corbyn—leading MPs of all parties" to get a common position.

Interestingly, Frances O'Grady, the general secretary of the TUC, is this evening making a speech in which she says—the embargo was until early this morning, so I am not breaching it—that the Prime Minister "should bring together a negotiating team that genuinely represents the whole country. Let's call it team UK. It would be cross-party, with representation from business and unions and from every UK nation. It would force us to focus on the realities of the negotiation, the priority of protecting jobs and investment, the compromises to achieve it and the price Britain will pay if we fail." Are you encouraged by the fact that the TUC has taken up your proposal from June?

Lord Hague: Yes. In my long political career, that has not happened very often so, yes, of course I am encouraged by that. I would say that the Government have done part of what I was suggesting in June, and they have been noticeably more consultative since the general election to many interests and organisations around the country. What I was advocating there was a round of consultation to try to find a position that commanded the maximum support. It might have been optimistic for anyone to think that there would be an agreed common line in the British political system, so the idea being advanced by the TUC would be a good one if it can lead to an agreed approach. Otherwise, these things are a matter of consulting and the Government being able to judge what commands the maximum support. I hope that they will continue to consult as widely as possible.

- Q17 **Mike Gapes:** Do you, like me, fear that we might be heading towards a car crash sometime next year, where there is no consensus in this country and we end up, because of what Lord Ricketts referred to as the "cacophony of noises", with no agreement?

Lord Hague: I fear that is a possibility. However, just to qualify that, I think so far the negotiations have taken a rather predictable course: progress has been made on two of the three issues on which the



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negotiations started, and there is a row over the financial liabilities of the UK. It is entirely possible by December for those negotiations to move on to broader negotiations if both sides are prepared to make the next compromise on each side. It is very much in everyone's interest to come to a reasonable deal including a free trade agreement over the next year—or at least the outline of a free trade agreement. While I can share the fear, I do not assess it to be the probable outcome at the moment. But people do need to realise how serious it would be to end up with no deal—the point Lord Ricketts was making earlier in relation to what we were saying about foreign policy co-operation.

- Q18 Mike Gapes:** May I ask you, Lord Ricketts—perhaps Lord Hague as well—if you could help us further? Before the Department for Exiting the European Union took over the responsibility for UKRep in 2016, how did the FCO divide its resources between the EU institutions as such and the individual European capitals?

Lord Ricketts: There was and still is a large and powerful mission to the EU—UKRep—with a lot of talent there, but also, particularly in the larger EU missions, we kept enough staff to be able to lobby, persuade and work with EU nations on a range of the issues that were coming up in Brussels. That is still the case, and I assume that the new DExEU and the FCO are working together on the allocation of resources between them—

- Q19 Mike Gapes:** May I press you? Proportionately, how much of the staff would have been working on EU institutional work and how much on bilateral work, and how much of that was focused proportionately on the bigger posts that you have referred to?

Lord Ricketts: I cannot give you a proportion. Within UKRep itself, there was a large body doing political and security work, supporting the Political and Security Committee—it still is. Obviously, there is a body dealing with justice and home affairs work, and then a lot of different sections dealing with different economic aspects of the EU. No embassy had anything like that depth of experience of EU institutional work. In the larger embassies, there was a small team in each one that was capable of ranging across whatever the active agenda was in Brussels, to try to influence capitals—I am not sure whether I am capturing the question that you are pushing towards, Mr Gapes.

Lord Hague: I might add that the Foreign Office will have figures on this if you ask them. I can say that the proportion and the concentration on EU institutions in recent years increased relative to the bilateral relationships in capitals in Europe because we made quite a big move. As Foreign Secretary, I oversaw what we called the network shift where we moved many diplomatic posts east and south in the world. We opened new posts and moved many diplomats to India and China, which I very much think was the right thing to do. Of course, we did not have Brexit in mind back in 2011 when we did that. Quite a lot of that capacity came out of individual nations in the EU, particularly closing small consular posts around Europe. That needs some revision now in my view, in light of Brexit. I believe, as a constant advocate of a good level of resources for



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the Foreign Office, that it will need some enhanced resources with Brexit in order to staff up again its political capabilities around European capitals.

- Q20 **Chair:** Would you specifically argue for an increased consular network, given the regionalisation of Europe over the past 40 years, and therefore the need to engage with the nation states of the EU 27 at a sub-capital level?

Lord Hague: Well, not so much enlarging the consular network—

- Q21 **Chair:** Sorry, the diplomatic network in regional capitals, as it were.

Lord Hague: Yes, absolutely I would. It goes back to an earlier point that I think that Lord Ricketts and I were both making: it will now be more important to be able to influence capitals within their capitals. That needs political staff; it needs diplomats who are equipped for political persuasion and who support the ambassador, and in some cases higher levels of ambassadors. That is an inevitable part of the arrangements for Brexit, or it ought to be.

Lord Ricketts: I think the Chair's point is about outside capitals as well, and I think the answer is yes to that too.

- Q22 **Chair:** You will remember, Lord Ricketts, that the changes that President Hollande made to France in regionalising it had been made in other European nations as well. The influence on Paris now has to be done not just in Paris, but in Lyon, Marseille, and so on.

Lord Ricketts: Yes, and many of the key politicians in a country like France are actually local barons in their own city.

Chair: And Germany, and Italy.

Lord Ricketts: It is the same in Germany. So I think that in the geographically larger countries, where it is difficult for the ambassador to get around as much, just as it is in the US, there is a case for some expert staff in the regions. Most of all, there need to be central staff in the embassies to allow this more granular, more detailed engagement with countries that we now need to do, because we will not be able to do it in the Committee structure in Brussels.

Lord Hague: I think that is the key point—sorry to have misinterpreted the question, but I think that political engagement in capitals is a higher priority in a world of limited resources than reopening consular posts. Lord Ricketts was our last ambassador to Paris, but I remember previous ambassadors to Paris advising me that really the importance of these regional posts had become much less, and that it was easy to run most things from Paris if you were doing a relationship with France. I think I would be reluctant to embark on a whole new round of opening offices across Europe when there may be other things to give resources to.

- Q23 **Mike Gapes:** Last year, the Secretary of State for Exiting the EU came before the Committee in the last Parliament, and I asked him some questions about the relationship of UKRep to his Department. He said



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that he had primary responsibility for UKRep and that the FCO only had “probably” a “pay and rations link—I don’t know.” Has the assumption of responsibility for UKRep affected the way in which the FCO is structured and how it manages those relationships in Europe?

Lord Ricketts: You will have to ask the Foreign Secretary about that in more detail tomorrow, because neither of us is now part of the machine. But, inevitably, it has affected the structure, because all the work of the exit negotiations is going on in DExEU but the bilateral engagement with each individual country continues with the FCO. The wider spread of relations between Britain and France or Britain and Germany is still handled in the FCO. There is still a Director for Europe in the FCO, and of course a lot of what UKRep does, for example in the political and security area, is of direct relevance to the FCO. I suspect, as is often the case, that a mission like UKRep answers to several masters in London. We are all perfectly used to doing that, and can do it effectively.

Q24 **Mike Gapes:** Even though formally it answers to the Secretary of State for—?

Lord Ricketts: I understand that the wiring diagram shows that it now comes under the Secretary of State for Exiting the EU. For the consequences of that, you will need to ask others closer to the action.

Q25 **Mike Gapes:** Would you expect that to end on 29 March 2019, and the FCO to go back to business as usual? Or do you think that it is likely to be a longer-term change because of the possibilities of transitional arrangements or whatever for the future, and therefore the hollowing out and transfer of FCO influence to another Department?

Lord Ricketts: Exiting the EU is a time-limited operation, and the Department is destined to no longer exist when that is done. Whether that is in March 2019 or after a two or three-year transition period I do not know, but I think the work will return to the FCO.

Lord Hague: I agree.

Q26 **Mike Gapes:** Saved by the bell.

Lord Hague: I agree.

Chair: We had better suspend again. We will resume again in 15 minutes, at 3.56 pm, if that is all right. My apologies to you both.

On resuming—

Chair: We are back after another Division. Royston, please.

Q27 **Royston Smith:** This is for both Lord Hague and Lord Ricketts, if I may. I reference what Lord Ricketts said about diplomatic resources being thinly stretched across the EU, which is a concern. More than that, if we are to start staffing up offices across European cities, can the FCO simultaneously enhance its presence across the EU? Does it have the capacity to do that?



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Lord Hague: It probably does not have much capacity to do that at the moment, which is why I was saying a moment ago that it ought to have increased resources. Some parts of Government are bound to have increased resources in the light of Brexit; HMRC, if the press are to be believed, has asked for another half a billion pounds to handle Brexit, or certain scenarios, in due course. A far smaller sum would help the Foreign Office to put the necessary resources into European capitals. I doubt it has the spare resources at the moment.

Lord Ricketts: No, it certainly has no margin suddenly to move into Europe; it would have to take them from somewhere else. I am arguing, as I think Lord Hague is arguing, for an increase in the staffing of the FCO, which means an increase in the budget. If global Britain is to mean something, it has to mean resources for the parts of HMG that represent the UK abroad.

One thing the FCO can do quickly is hire more local staff; many staff in our European missions—I think up to 70% or 80%—are local. It can hire excellent political scientists and experts in the countries concerned. What it cannot do is quickly increase its UK-based staffing, because that takes a run-up of recruiting people and so on. We ought to start that now, so that, five years from now, the FCO can deploy a lot more diplomats around the world. There are some short-term things they can do.

Programme money for embassies is also useful, so that they can go out and undertake projects and do project-type work. The budget for that at the moment is very constrained. There are some short-term things that could be done with extra resources, but some things will take several years to build up.

- Q28 **Royston Smith:** Again, Lord Ricketts, you mentioned how the USA and Canada wine and dine their way to influence in EU foreign policy. Can I press you on that, from our point of view? I will not use the words wine and dine—I think we understand what that means—but how can we use that same strategy? We are going to have to do something if we do not have a seat at the table. Can you expand on that?

Lord Ricketts: Yes. In Brussels we are going to need, if not exactly the same resources we have now, then a large, well-staffed, well-resourced mission that can work with the various nations in Brussels in the run-up to decisions being taken and after. It will no doubt work in the European Parliament as well, so that, like other non-EU countries—such as Norway, Canada, Australia and many others—we are in the lobbying process in Brussels, and we will know very well how that works. In capitals upstream of discussions in Brussels, it will also need to be in not just Foreign Ministries, but right across Governments, to make sure they know where the UK is coming from and why, and to try to influence them before it gets to discussion in Brussels. It has to be on both those prongs.

Lord Hague: May I add something? The wining and dining is often a part of conducting foreign policy, but it does not get you very far if you are not talking about the right issues and do not have the right structures in which



to do so. I think the engagement around Europe after Brexit that we are all talking about requires the identification of those issues. For instance, it requires the UK to say to Germany, "We may have left the EU now, but we together can influence the Balkans: a part of Europe that if we are not careful will once again become a major strategic problem, where there is a danger of fragmentation and even radicalisation. So let us have a joint initiative." Then there is something to work on together. In some cases, it needs new structures. We have arrangements that I think are still in place with Italy and Poland, where we have what we call a 2+2 regular meeting: Foreign and Defence Ministers meeting together. That kind of institutionalisation of regular meetings at ministerial level needs extending to more countries in Europe. It cannot all be done at Secretary of State level every year, but this is what Ministers of State are for—one of the many things they are for—in respective countries. The identification of appropriate issues and creating the right structures bilaterally are going to be a very important part of this, as well as having the personnel resources we are talking about.

- Q29 Ian Murray:** In that sense, on the EU's global strategy, which coincidentally came out just after Brexit, President Macron talked about a common doctrine. Is this the kind of discussion that would have to happen at a very high level if the common doctrine of any EU defence or security policy was in conflict with the UK, or the UK just did not agree with it? How would that be resolved? Are these kinds of high-level discussion the best place to do that or would a separate mechanism be required?

Lord Hague: Mindful of what I said earlier, I think some mechanism of almost daily co-operation is necessary for the EU and for the UK, but of course on the strategic aspects of the global strategy set out by the EU in 2016, no part of the objectives of that would be something the UK need disagree with, but when it comes to major strategic decisions, this is for Heads of Government and Foreign and Defence Ministers to discuss. There also has to be some regular framework for that. I do not know how many times a year, but the Foreign Secretary ought to be having an institutional meeting with the EU Foreign Ministers to discuss co-ordination across the range of regional and global issues.

Lord Ricketts: May I follow up with a few sentences? You mentioned President Macron. I think Britain and France will continue to agree on probably more areas in that global strategy than almost any other two countries. We are the two countries who are most active in the world, who have the most effective armed forces, who see the threats in much the same way. So the bilateral defence co-operation between Britain and France ought to become even more important after Brexit as a supplement or complement to that EU global strategy. To my mind, it is really important that we reinforce what we have achieved so far under this Lancaster House process to show that Britain and France are still two global countries with common, shared interests.

- Q30 Chris Bryant:** May I start with a short, technical question? Is currency risk or exchange risk now with the Foreign Office or the Treasury?



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Lord Hague: I think it is with the Treasury, unless they have changed it since I agreed with George Osborne to move the risk back to the Treasury.

Chris Bryant: Good. There was a mistake somewhere in a previous Government.

Lord Hague: There certainly was.

- Q31 **Chris Bryant:** Wasn't there just? Anyway, the Government's partnership paper, "Foreign policy, defence and development", has 61 clauses that go on about all the reasons why we are intimately bound in all these issues with our European colleagues—it seems like 61 clauses saying why we should remain in the European Union—but it then has four clauses about the UK's future relationship. Could you explain what this means: "The UK would like to offer a future relationship that is deeper than any current third country partnership and that reflects our shared interests, values and the importance of a strong and prosperous Europe. This future partnership should be unprecedented in its breadth"? What do you think they actually want?

Lord Hague: We can only say what we hope it means, because Lord Ricketts and I are out of government and diplomacy now. I hope what they mean is the sort of thing we were talking about a few moments ago: an enhanced framework of co-operation, observer status at meetings, a first right of refusal to take part in CSDP missions and a role in shaping them. That would be something beyond existing third-country arrangements. Mr Bryant is quite right to point out that that has not been set out in detail in the paper, which is heavy on the existing relationship and light on what might happen in future. I imagine that is leaving scope for negotiation on that and testing the water before specific proposals are made.

- Q32 **Chris Bryant:** But might not our European interlocutors want to say, "Well, it is about time you actually put something on the table. What do you actually want?"

Lord Hague: Remember, at the moment in the wider negotiations, it is the EU position that they will talk about only Ireland, citizens' rights and the budget. They are not really in a position to say, "We want to know exactly what you are proposing on foreign affairs." If the negotiations broaden, as I think we would all hope they do, in the coming months, then they will want to know more detail.

Here I would have a slight difference of emphasis from Lord Ricketts. I think the EU also has to think about what it wants on something like this. Of course, the main burden is on the UK to present its proposals, but it is in the interests of the EU to have close foreign policy and security co-operation with the UK. Somebody in the EU has to take some ownership of thinking what it is that they would like.

- Q33 **Chris Bryant:** But, effectively, some of these elements are justice and home affairs as well, aren't they?

Lord Hague: That applies to that area as well, yes, of course.



- Q34 **Chris Bryant:** As Lord Ricketts said earlier, we have said that the idea of no deal on security is unthinkable, but, actually, there is either a deal or there is not a deal. It is not separate elements.

Lord Ricketts: If there were no deal overall, which I think would be a terrible outcome, that could only pollute the political and security relationship that we all want to have. Even in the case of no deal, there would be a degree of continued co-operation on passing on threat information and counter-terrorism.

The thrust of this paper depends on there being a deal. I interpreted it to mean that, because we are starting not as a third country but as a country that has been intimately bound up in the development of CFSP and was integral to the launch of European defence 20 years ago, this is not quite like any other relationship, and we come with an awful lot of capital invested. But I go back to what I said earlier: I think the EU will still want to maintain a clear line between those who are members of the EU and those who are not.

After Brexit, we will be outside the EU, so we can have, I am sure, very close consultation arrangements, but they will want to preserve the space for EU decision making in all these areas for themselves. In practice, if we maintain the kind of engaged, active, outward-looking foreign policy that I hope we will, and that Lord Hague was talking about, we will find a lot of areas where we are on common ground with the EU.

- Q35 **Chris Bryant:** We would be stuffed if we were not part of Operations Althea and Atalanta and things like that, or if we had not been able to be involved in EUFOR in Bosnia.

Lord Ricketts: As I said, they will want to be in a position to take decisions on future operations and then invite us to join as participants. I would be amazed if they wanted to disentangle existing operations.

- Q36 **Chris Bryant:** If there were a new Bosnia now, we would not be able to be party to that. The argument for EUFOR was driven from this country, wasn't it?

Lord Ricketts: We would not be party to the decision to do this new operation. I think that they will reserve that to the EU. As a non-EU NATO member state, we have rights set out in the papers that I helped to draft 20 years ago—to be there in the decision-shaping period and to participate if we want to, if this is a mission using any of the NATO command arrangements. If it is just an EU mission, we have to be invited to participate.

- Q37 **Chris Bryant:** Which is less than optimal?

Lord Ricketts: It is a consequence of leaving the EU. It is not having our cake and eating it, I'm afraid.

- Q38 **Ian Murray:** This follows on from Chris's question about some of these structures. Obviously, we do not know what will happen. You have already said that no deal would be a disaster in terms of these structures.



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Do you think, at bare minimum, our access to the FAC and the Political and Security Committee would be enough to influence some of these decisions?

Lord Ricketts: Regular consultations, which could be set out in the treaty that the Government are talking about here, would be helpful to institutionalise regular discussions where the British ambassador went to the PSC once a week or once a fortnight and there were consultations at Foreign Minister level, but they would be consultations between the EU sitting around the table and the UK as a non-member of the EU. That would certainly be helpful. It is not as good as being a part of the PSC, but again, that is a price paid for leaving the EU.

- Q39 **Ian Murray:** Will that be where the real decision making lies? In the day-to-day running of the institutions, I can see why that is quite important, but as in Chris's example, the foreign affairs landscape is never straightforward, and something could just, on a daily basis, happen. The EU will probably turn to the UK in any case, because of our capability and being a NATO ally, but how will these mechanisms work for decision making that is needed on an urgent basis to deal with a significant foreign affairs crisis?

Lord Ricketts: You have had experience of this, as I have.

Lord Hague: On many occasions, those work at the bilateral level anyway. When something like the Libya crisis happens, the wires are buzzing between Paris, London, Washington and the UN in New York, and the EU does not necessarily play a big role. There is that sort of crisis, which needs some rapid response. That is usually driven, in any case, in national capitals. However, there is the shaping of policies that are longer term—the CSDP missions that are put in place and given a long-running problem. They often require day-to-day negotiations and reactions to get them right. You cannot beat being in the room. As we all know from being involved in politics or diplomacy, the way you influence a decision is by being in the room. Even being there as an observer with speaking rights under certain circumstances is very different from having consultations outside that. That is the big divide on these things: are we in the room or not?

- Q40 **Ian Murray:** But the EU wants to play a greater role, given its global strategy. Although you say bilaterals between Washington, New York, London, Paris and maybe even Berlin would deal with these issues, if the EU sees itself as more of a strategic defence unit, the UK could potentially be squeezed out.

Lord Hague: It could, although as Lord Ricketts and I have mentioned in the course of our evidence, when an immediate, serious crisis happens, it is still national capitals that drive things.

Lord Ricketts: As we have said, I do not think the EU is ever going to be the vehicle for organising and leading major military combat operations. That will either be a coalition of capitals or it will be through NATO. That has always been an experience we have had. I can give you the case of



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Mali. When I was the ambassador in Paris, there was a crisis in Mali. There was a risk of huge bloodletting as forces moved down from the north. The French decided to go and undertake an operation very quickly. They did that nationally. They appealed to capitals like London for help, and we helped with strategic airlift and so on. They then went to the EU later and, through the EU structures, asked for an EU mission to help relieve some of the load on them, but that probably took a month or two to work its way through before anyone actually arrived in support of the French. So they regarded the EU as a second-phase operation and then a third phase in terms of training and so on. That, I think, is the way classically it would work. I do not think we need to worry about the EU becoming a strategic military arm. I do not think that that is the vocation.

- Q41 **Mike Gapes:** There is a lot of rhetoric from some in Europe about defence capabilities, but the reality is that if the UK leaves the European Union, 80% of the spending within NATO will be from non-EU countries. That changes the dynamic again. How do you think that would impact? Is it necessary for us to have a formal, institutionalised arrangement with the EU or could we—because of our role in NATO, the G7, the intelligence Five Eyes co-operation, the P5+1 on Iran—have something like an EU-plus arrangement that was on a more informal basis rather than the treaty basis that you referred to earlier, Lord Ricketts? Would that be necessary?

Lord Ricketts: If you're talking about consultations, we can certainly have that. As I said at the beginning, anything that encourages better EU military capabilities, not just rhetoric, is in our interests as well, since we would normally be using them for the same reason, so we should be encouraging any initiatives that produce improved capability—we should be willing to join in those missions.

The area that I worry about a bit is the European defence industrial scene with this big new fund from the Commission of €5.5 billion designed to promote R and D and development between European defence industries. That sounds to me like it could exclude the UK when we leave.

- Q42 **Mike Gapes:** Of course, formally, under the EU rules, you can't be in the European Defence Agency unless you are actually a member state, but you can be associated with it, as I think the Norwegians and—off the top my head—the Serbians and the Israelis are. Could you envisage that we try to have as close a relationship as possible with the European Defence Agency?

Lord Ricketts: I would encourage that. Indeed, I think it is envisaged in this document, partly because the European Defence Agency, for all its shortcomings, is trying to make more coherent the way European countries go about ordering and delivering military capability. So an associate role for the UK in European Defence Agency and, if possible, an associate role in this European defence fund, so we can keep in touch with what is going on and ensure that British defence companies do not lose out. That seems to me worth while, but that would be a political decision.



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Lord Hague: I very much agree with that. If you think of some of the work of the European Defence Agency in recent years—some of which I think was on improvised explosive devices—it doesn't make much sense for the UK not to be contributing to that, and benefiting from that, given the experiences of our troops in Afghanistan.

- Q43 **Mike Gapes:** May I ask you a final question? Currently, we have a Minister in the Foreign and Commonwealth Office with responsibility for Europe and America. Isn't it time we had a dedicated Europe Minister without any other responsibilities?

Lord Hague: He's an exceptionally capable Minister though.

Mike Gapes: I am not talking about individuals.

Lord Hague: His being one of my oldest friends, it is quite difficult for me to suggest his responsibilities are too great.

It depends on the size of the ministerial team in the Foreign Office, which got quite small at times in the past, and was expanded again under the coalition Government, something I encouraged and that allowed us to have a dedicated Ministers for Africa and Europe. In an ideal world, the Foreign Office has enough Ministers to do that, because it is one of the few Departments where Ministers really—you can't have too many Ministers, given the amount of diplomacy that goes on.

- Q44 **Mike Gapes:** May I press you? We aren't in an ideal world at the moment as we? We are in an incredibly complex world with unusual demands because of the referendum decision and the resources that takes away from other areas.

Lord Hague: We should remember that at the moment—as you pointed out in your earlier questions, Mr Gapes—it is DExEU that is doing the negotiations to leave the EU, so in that sense the Foreign Office Minister for Europe has slightly reduced responsibilities. I haven't seen any sign from the outside of those Ministers not doing their job capably and well.

- Q45 **Mike Gapes:** I'm not saying that. They could devote more time to the bilateral relationships if they didn't have to travel elsewhere.

Lord Hague: In the long run, that should be a point well taken.

- Q46 **Chair:** May I push on a separate point? Lord Ricketts, it is good to have you here because of your experience helping to write the French White Paper on defence, and you have touched on the Defence Agency. Isn't there a possibility that our departure from the Defence Agency might somewhat unbalance the current European structures as well, as France and Germany have not always worked hand in glove, notably on medium-altitude long-endurance drones, which they developed jointly but then became a very German project, and in various other areas as well?

Lord Ricketts: Yes. The British defence industry is one of the primary defence industries anywhere and is intimately linked to other European defence industries. For example, there are many joint companies, such as the missile company MBDA and Thales. Some of the work that is going on,



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for example between BAE and Dassault over the future combat air system—the potential future unmanned aircraft, which is a hugely important project; the British and French Governments recently put £2 billion into the next phase—seems to me a crucial part of European defence capability. I really do hope that Brexit will not cut across work like that, because, yes, without the British defence industry, Europe's capacity to innovate and to stay cutting-edge in the next generation of defence technology will be weakened. That is clear. I refer to the Register of Lords' Interests in terms of interests I have in other parts of the defence industry that are nothing to do with this, but I do think that it requires careful watching so that that defence fund does not develop into a sort of protectionist mechanism.

- Q47 **Chair:** May I put a separate question as well, perhaps to you, Lord Hague? The reality is that the European Union, in certain guises or certain calculations, currently has two UN Security Council seats—both us and the French, of course. Our departure will place France very much in the driving seat of European diplomacy, certainly in terms of the UN. How do you see Britain's ability and—I think it is fair to say this—long-standing greater openness to sharing our UN position with other European states in comparison with France's, and how do you see France playing its new role in a different way?

Lord Hague: It is quite unusual—very unusual in recent decades—for France and the UK to differ on the positions they take at the UN Security Council. This is one of the things that the UK brings to the table in bilateral relations with other EU states and should want to discuss with other nations—that it can, in effect, indirectly represent many of their concerns and wishes at the Security Council. I do not see France claiming to speak for the whole of the European Union because of this, because there is often disagreement within the European Union on issues that come to the UN Security Council. I do not see this creating a major difficulty, but it is a big part of what the UK brings to its other relationships.

Chair: May I thank you both very much indeed for your patience with the Committee, particularly through two votes, and your extreme generosity with your time? Thank you both very much indeed for coming.