

Defence Committee

Oral evidence: The DExEU position paper, HC 594

Tuesday 6 February 2018

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Members present: Dr Julian Lewis (Chair); Leo Docherty; Martin Docherty-Hughes; Mr Mark Francois; Johnny Mercer; Gavin Robinson; John Spellar; Phil Wilson.

Questions 62-123

Witnesses

I: Nick Gurr, Director of International Security Policy, Ministry of Defence and Rt Hon Earl Howe, Minister of State for Defence.

Examination of witnesses

Witnesses: Nick Gurr and Rt Hon Earl Howe.

Q62 Chair: Good morning, and welcome to this session on the Government's Brexit position paper. "Foreign policy, defence and development: a future partnership paper" is the actual title of it. As the inquiry title suggests, we are interested in trying to explore the Government's attitude towards the defence relationship between the UK and the EU after Brexit. We have two quite well known individuals to explain all this to us. Minister, and Mr Gurr, would you just introduce yourselves briefly, please?

Earl Howe: I am Lord Howe, Minister of State for Defence in the House of Lords.

Nick Gurr: And I am Nick Gurr, the director for international security policy in the Ministry of Defence.

Chair: Thank you both very much for coming today. Johnny Mercer will start.

Q63 Johnny Mercer: Can I start with you, Freddie, please? The UK has suggested a "deep and special partnership" with the European Union. What does that actually mean?

Earl Howe: I think the words "deep and special" have been carefully chosen, in that we are clear that the kind of third party relationships that already exist between non-member states and the EU are inadequate in terms of our country's best interests. So it means that we want to achieve an agreement which facilitates a really deep partnership in, I think, three areas: first of all, meaningful discussion and consultation on foreign policy; co-ordination, where it is more effective to work side by side than alone; and in particular, in the area of defence co-operation, in areas like EU operations, industrial co-operation, research, capability development—those areas where we are very clear it is in our country's interest—

Q64 Johnny Mercer: So, those relationships that you currently describe as inadequate: can I ask you to expand on that more specifically?

Earl Howe: Certainly. We can see at present non-EU member states with framework partnership agreements which only allow limited engagement with the Commission and with member states. For example on operations and missions there is only a limited degree of prior engagement that countries like Norway have with the planning process and the extent to which they are kept in the loop thereafter is also limited. So if the UK is going to achieve a position where we are able if we choose to take part in EU operations and missions and put our people's lives on the line in the process it is not unreasonable to expect that we should be allowed a greater degree of involvement along the way. Quite how that looks at the end is for negotiation, but that is the broad aim.



Q65 **Johnny Mercer:** So what's in it for the European Union? What's deep and special about it?

Earl Howe: Well, we have a long history of partnership in Europe on the industrial front. We are recognised to be a key player in European defence. We are a key member of NATO and a member of the P5. Our influence is acknowledged to be considerable. One of the things we are doing in our discussions with our counterparts in the EU is to impress upon them what we are already contributing in the EU context, and therefore what they would lose if we did not have a tailor-made, bespoke partnership.

Q66 **Johnny Mercer:** You say we are key member of NATO, but have we fulfilled all our standing commitments to NATO of late?

Earl Howe: As far as I am aware, we are doing that.

Q67 **Martin Docherty-Hughes:** Maybe I can take what Johnny was asking a bit further. The UK has suggested a deep and special relationship. I read Professor Chalmers's article in *The Guardian* this morning. He said: "The government is increasingly perceived to be unable to make difficult decisions, distracted by Brexit and unable to play an international role that is commensurate with the resources it devotes to this purpose". Is there any image or idea of that special relationship? Professor Chalmers also said: "The longer this policy paralysis continues, the greater the risk to the UK's reputation as a reliable ally". In his perception, there is not only one issue—Brexit—but many issues, and we are unable to deal with the modernisation plan. First, on being an unreliable ally.

Earl Howe: The first thing I would say in answer to that is that there is no policy vacuum, as far as our objectives go in this area. Frankly, I think the charge that the UK is an unreliable ally needs instant challenge. I have not seen an example of the UK's not fulfilling its obligations and commitments within either the EU or NATO.

Q68 **Chair:** Can I ask both of you about a structural point, which John is going to drill down into in a moment? After Brexit comes about, there are basically three options for UK defence. There are things we might do on our own, there are things we might do bilaterally and there are things we might do with the EU as a unified organisation. Then over all of that is, of course, our membership of NATO. What would we be offering with this special partnership that wouldn't be catered for by our existing commitment to NATO overall? On the other three things, what will we do on our own and what will we do bilaterally with other members of the EU, the vast majority of whom are members of NATO anyway?

Earl Howe: The broad answer to that is that we believe in having the deepest and richest possible toolbox to promote our interests and address shared threats. NATO, of course, is the cornerstone of our security. As you rightly say, Mr Chairman, we also work bilaterally and through other frameworks, such as the Joint Expeditionary Force or the Northern Group. We perceive that there are distinct advantages to keeping our options open as regards engagement with the common security and defence policy and all that accompanies it. We can perhaps talk a little later, if you like,



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about such areas as the European Defence Agency, the European Defence Fund and the plans that are in train in those areas.

For example, the importance of CSDP missions to our foreign policy objectives can be quite considerable, because in some locations, whether for political or historical reasons, the EU is able to act where organisations like NATO are unable to act. Ukraine is perhaps the best example of that. There is also the EU monitoring mission in Georgia. The EU is able to deploy military and civilian missions to the same regions which would be difficult to do either through NATO or bilaterally. One thinks of the Sahel or of Somalia in that context. The EU is able to provide an integrated response to a crisis, and that has achieved value in the past.

Q69 Chair: When it does that, to what extent does it draw on NATO-allocated forces and infrastructure, and to what extent can the EU give added value?

Earl Howe: It can do. If one thinks of Operation ALTHEA in the western Balkans in Bosnia, then that is a joint NATO-EU operation where the command and control rests in SHAPE. DSACEUR is the commanding officer. There is integration between NATO and the EU in that forum in particular.

Q70 John Spellar: Following on from that, there now seems to be a range of these new EU structures: CARD, PESCO, European Defence Fund. Which of those are we planning to engage with, and why?

Earl Howe: The rules and framework around these initiatives are barely bedding down. We have only just achieved agreement in the Council of Ministers around the formation of PESCO. The plans for the EDF and the EDIDF—

Nick Gurr: The European Defence Fund?

Earl Howe: Yes. The two main prongs of the EDF are only just being formulated, so in part it is difficult to answer the question, because not only are negotiations at an early stage, but the whole concepts embodied in those ideas are only just in formation. But from what we know at the moment, PESCO is intended to be a way of driving up defence investment in Europe and developing the capabilities needed by Europe for its security. In our book, that is a good thing because for a long time we and others have been saying that European nations need to pull their weight rather better than they have in recent years, not only in an operational context, in the kinetic sense, but in terms of research and development. In EU nations, research and development expenditure has gone down over recent years, and this could be a way of boosting that effort. The enticement of EU money going into the EDF may see the EDF becoming the instrument of choice for European nations in developing their capability. We do not know whether that will happen, but it could happen. Our view is that it is right to keep our options open as a country in possibly signing up to PESCO in the future. We have not yet done that, but it is a case of keeping our options open.

Q71 John Spellar: So what financial contribution would that entail?

Earl Howe: Are you talking about the EDF?

Q72 John Spellar: You have talked about EU funding and the substantial advantage of EU funding going into the EDF. What would that entail?

Earl Howe: The proposal at the moment is that in the research fund, the EU would pay 100% of the cost.

Nick Gurr: Is the question about our contribution?

John Spellar: Yes.

Earl Howe: I am sorry.

Q73 John Spellar: If the EU is putting in funding, and if we are then engaged with that, they would presumably expect us to make a financial contribution.

Earl Howe: The means by which we would contribute financially to any research project or industrial capability project is definitely for discussion. We have not progressed at all with that so far. We have, I think, a preferred route to that, which is that if we perceive that there is a project in which we wish to participate, we will pay in commensurately to that project on a pay and play basis, if I may put it that way. It seems less advantageous to us to pay an annual subscription to the EDF, bearing in mind that we might not participate in any projects at all.

Q74 John Spellar: That is true, but do they see it that way?

Earl Howe: That is yet to be seen.

Q75 John Spellar: Okay. If I may go back more towards the operational centres, you say that at the moment it is bedding down and is therefore obviously work in progress. In that work in progress, what protocols will apply, and have we therefore been talking and working with NATO about protocols on collaboration and conformity?

Earl Howe: One area that is very important, and that we focus on in the area of protocols, is that of standards. We have, in the MoD, a standardisation and management policy. There are NATO so-called standardisation agreements—STANAGs—that are essentially enablers to interoperability. We are very careful to ensure that those standards are built in to any projects that we may currently engage in.

If you are asking me whether, for example, PESCO projects would use the technical standards of NATO, it is unclear at this stage how PESCO member states participating in projects intend to develop specific capabilities. However, it would be strange if the coherence with NATO was not built into the thinking at an early stage.

Q76 John Spellar: It might be strange, but given our desire, and the desire of NATO, to avoid duplication, it would be not only strange but perverse, would it not?



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Earl Howe: It would be. The encouraging sign that EU member states are cognisant of this dimension is that the shortlist for PESCO projects had as one of its criteria complementarity with NATO. That may be an indication that, at this stage at least, that dimension has been factored in.

- Q77 **Chair:** May I just ask, generally: in our dealings with these European defence organisations, will our approach be primarily on an ad hoc basis, project by project, on things we want to co-operate with or not, or are we contemplating entering into some permanent institutional involvement that would effectively mean we were part of this, notwithstanding our having left the European Union? It is an issue of the Government's philosophy in approaching this as a whole.

Earl Howe: Yes. I take it you are referring to—

- Q78 **Chair:** I am referring to the European Defence Fund, PESCO—it is not clear whether third parties can actually sign up to or have some sort of status with PESCO—and CARD. Those seem to be the three pillars of the structure that is being assembled.

Earl Howe: Let me address PESCO first. PESCO is a political framework agreement into which a number of member states have entered. That does not, in itself, bind them to do anything in terms of the projects that they sign up to. If they then perceive that there is a project that they are interested in joining, no doubt they will proceed to do that.

- Q79 **Chair:** There is no way that we are going to be part of PESCO, is what you are saying.

Earl Howe: We have not signed up to PESCO. Again, it is a case of keeping our options open, but there may be in future a particular project in which we have a distinct interest. We would only sign up to PESCO projects in future, not PESCO itself.

- Q80 **Chair:** So it would be on an ad hoc basis.

Earl Howe: Yes, it would.

- Q81 **Chair:** I see, Nick, you are assenting. Good, so we have that in stereo.

Earl Howe: Just to be clear, if we are not an EU member state, we could not sign up to the political framework agreement.

Nick Gurr: Could I just add to that?

- Q82 **Chair:** Yes, and if you could just cover the other two quickly as well, we need to move on.

Nick Gurr: Okay, Dr Lewis; I will be very quick. PESCO is open to European Union member states. We had a decision point as to whether we would join PESCO, and we decided not to. We have worked very hard to ensure that PESCO projects remain open to third parties, because there may well be some projects that we do want to participate in as a third party. I can talk a little bit about CARD and EDF, if you would like.

- Q83 **Chair:** Yes, just briefly.



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Nick Gurr: The overriding principles that we have adopted in looking at all of these EU initiatives are, first, that they do not undermine NATO and they need to be complementary to NATO; secondly, that they do not encourage protectionism and a closed market within the European Union. We have approached all of these things that have been discussed with those two overarching objectives in mind. Of course, an important part of not undermining NATO is ensuring that the transatlantic link is not undermined, either.

As far as the Co-ordinated Annual Review of Defence is concerned, in principle it is trying to do something sensible—trying to get EU countries to focus their capability development in the right sort of areas that will benefit the European Union and them as individual countries, but also benefit NATO.

Our objective with CARD is to ensure that it does not duplicate or undermine the NATO defence planning process, which is a separate, well-established process. So, we have engaged with CARD, to answer Mr Spellar's question, to try to ensure that it is complementary to the NATO process. On the European Defence Fund, in all of its various elements, as the Minister has said, there are aspects of it that interest us. There is scope there for considerably more funding to be made available to European industry.

We have wanted to keep our option open as to whether we can participate in that. In terms of keeping our options open, again we have managed to insert language in some of the various protocols to ensure that the possibility of third-party participation in these things has not been closed down. That is not to mean that we will participate, but it means that we have still got the option at the moment. These things have not been closed on us.

Q84 **Chair:** But the general philosophy is that we just pick and choose those things that we wish to get and we are not going to tie ourselves into new institutions. Is that right?

Earl Howe: Exactly.

Chair: Mark, did you want to come in?

Q85 **Mr Francois:** When you suggested that we might be getting involved with PESCO, I think the way you first put it across would have represented a change of policy.

Earl Howe: I should have said PESCO projects.

Mr Francois: That was just what I was picking up on.

Chair: Thank you, Mark. That is a useful clarification. That is precisely what we are trying to do with this inquiry—not so much to say we should or should not, but to ask what we are actually talking about. That is always a good starting point.

Q86 **Phil Wilson:** Do you think engagement with European defence integration



will undermine NATO?

Earl Howe: I would perhaps quibble with the word integration. One could indulge in semantics. I do see all these initiatives as much more collaboration than integration. Obviously, when we are talking about industrial co-operation, there is certainly an element of integration, in terms of the desire to achieve interoperability. In terms of EU missions, clearly there needs to be an integrated plan, but the Committee needs to be very clear that we are wholly against renouncing our national sovereignty over defence and foreign policy. That is an absolute red line. Incidentally, I think a number of other EU countries feel the same way.

If you are asking whether these initiatives undermine that philosophy or cut into NATO in any way, I do not see it like that. I do not think this is a zero-sum game. As we were discussing earlier, there are ways in which NATO can achieve an objective better than the EU, and vice versa. As long as we are clear that the two should be complementary and not duplicatory, it will be satisfactory.

Q87 **Phil Wilson:** My next question is: will engagement with European defence integration/collaboration stop us taking sovereign decisions to deploy troops or buy equipment from UK sources? You have just said that it will not.

Earl Howe: Absolutely not. The ability of the UK Government to deploy our assets and people in ways that benefit our own national interest will not change. We do not propose to commit any particular element of our forces to the EU, but much as today, if there was a desire within the EU for British participation in a mission, we would no doubt be invited to do that. Indeed, we would like to get to a point where there is a standing invitation for us to do that. It would be up to us whether we accepted that invitation in a given set of circumstances.

Q88 **Chair:** We are talking about the concept of a coalition of the willing in a way, aren't we?

Earl Howe: Indeed.

Q89 **Chair:** Such as exists under the NATO structure as well.

Earl Howe: Indeed.

Q90 **Chair:** May I give you a nightmare scenario? We understand what NATO does. We understand what bilateral relationships do. You mentioned that there are certain scenarios in which the European Union might act where neither of the other two wished to do so. In that context, you mentioned Georgia and Ukraine, and in particular the latter, where there is ongoing aggressive activity by the Russian military. Is there not a danger that the EU as an organisation might do something like give a security guarantee to Ukraine, which could be an act substantial and significant enough to provoke a confrontation with a large power such as Russia, but, without American involvement or endorsement with the EU defence structure, could not be potent enough to deter aggressive activity? Can you see why it might be the start of a chain of events if the EU gave a security



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guarantee in that way when the Americans were not clearly signed up to it? This is the sort of area that causes some of us to worry about the potential of the EU as a unified actor in a situation of confrontation in Europe.

Earl Howe: I understand the scenario that you posit. I would seek to drill down behind it and perhaps ask about the basis on which the EU felt it had the muscle and the consensus to engage in that kind of security guarantee.

Nick Gurr: The European Union has never given such a security guarantee in the past. Of course, it does not have the same Article 5 commitments to its own members as NATO has. It has a commitment under the Lisbon treaty where countries commit to come to the assistance, in more general terms, of other EU states if they are in a crisis situation; but the sort of scenario that you offer, Chair, is beyond the territory that the European Union has ever been in before. As the Minister said, it would require consensus across all the members of the European Union, which would be very challenging in those circumstances to achieve.

Q91 **Chair:** The article of the Lisbon Treaty that gives that commitment—it is not very dissimilar to the Article 5 guarantee that NATO gives to NATO members, is it?

Nick Gurr: The language is not as clear or strong as the Article 5 guarantee. It refers to discussions and consultations in a crisis and mutual aid—things like that.

Q92 **Chair:** I do not want to take this too far. All I am trying to say is that NATO, for example, has to consider very seriously admitting new members, because every time NATO admits a new member it is effectively saying, "You attack this country and we are at world war three and we're all going to come in". The worry about the EU acting as a quasi-NATO organisation and giving a guarantee that is not dissimilar—though, as you say, not quite as strong as the collective security guarantee of Article 5 for NATO members—is that they could almost sleepwalk into a confrontation by giving a guarantee and admitting members on a fairly liberal basis, shall we say. Then, before you know it, suddenly there is a confrontation between the EU and a power that behaves aggressively towards a small country that has been given membership, without the ultimate deterrent of the American superpower being part of the alliance. That is what gives some of us the jitters. We would be grateful for any further reassurance you can give.

Nick Gurr: We both very much understand the point. I would not use the word "guarantee" in quite the same way under the 42(6) provision. From a British perspective, the point would be that we would not regard ourselves as being bound to any future European Union action after we have left. The whole point of this is that we are looking for an arrangement that we would actively regard as being in our mutual interests—the UK national interest and the European Union's interest as well.

Q93 **Chair:** And you would argue, Freddie, that by involvement with these



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organisations—though not being part of them—we might actually be able to be a restraining influence so that they would not blunder into such confrontations, perhaps?

Earl Howe: We have certainly seen ourselves in that role in the past, although not in the scenario that you have painted. But we bring our perspectives to bear on the planning of missions and the decision to undertake missions in the first place, so I believe we are currently a force for good in that sense.

- Q94 **Martin Docherty-Hughes:** Phil asked a question with two elements. The first part was about sovereign deployment of troops, and the final part was about whether our engagement with European integration would stop us buying equipment from UK suppliers. Do you gentlemen want to give a fuller answer to that final part of the question?

Earl Howe: This is a risk that we are very conscious of—that once we leave the European Union, there will be an unspoken protectionist aspect to the decision making in the industrial context. We have been clear since the beginning of the discussions around the European Defence Fund, for example, that the EU should remain outward facing and open to working with third countries and partners who share the same values and ideals. Indeed, we would take that same position even if we were not leaving the EU.

In my judgment, there are three reasons why it is in the interests of the EU to ensure that suitable third countries are allowed into that framework. The first is what this country can offer in terms of technical capability. It is well known that we have some of the leading defence industries in Europe. Frankly, it would be counterproductive for our European friends not to recognise that in the future.

The second reason is value for money. If you want to achieve value for money, you look for the best competitive environment. The third is interoperability. Everyone recognises that the more we can be interoperable—certainly in the NATO framework, but in others as well—the better.

We are very aware of the need to impress on our European partners not only the need for the UK not to be excluded from the system, but the need for our industries to be included as well.

- Q95 **Martin Docherty-Hughes:** I do not understand how that could be achieved without being in the single market and customs union. I suppose we need to wait and see with the negotiations.

Earl Howe: I think that is a separate question.

- Q96 **Martin Docherty-Hughes:** It is the elephant in the room.

Earl Howe: There are issues relating to the customs union that we should, no doubt, work through in the negotiations. That applies not just to defence, but across the piece. As far as collaborative projects go, there is no reason why those should not continue. Certainly, they will continue



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on a bilateral basis. If we are looking to see where the money is, as I said earlier, it is likely that the European Defence Fund will be a considerable driver of collaboration. We should not ignore that framework as we go forward as being in our interests to participate in if we choose.

Q97 Phil Wilson: Do you think our security relationship with the EU will undermine or be detrimental to our relationship with the US?

Earl Howe: No, I don't think so. On the contrary, I think the US is very keen for us to remain as engaged as we like and as we choose to be with the European Union in defence and foreign policy. In the context of defence and foreign policy, I think the US regrets our exit from the EU. It sees us as a very positive influence in those forums and we are a leading voice among the European partners in NATO and, by extension, in the EU.

My sense is that the direction of travel that we are seeking to move in is not one that the US will object to.

Q98 Phil Wilson: Just to follow on from Martin's question on the customs union, you said there were some issues as far as defence is concerned that we would have to work through. What would those issues be?

Earl Howe: My understanding is that equipment or goods that have a military end use are exempt from tariffs anyway and will continue to be exempt post Brexit. From that point of view, the supply chain in the defence industrial arena has nothing to worry about. However, the concern relates to non-tariff barriers, and the bureaucracy that would accompany an exit from the customs union every time a piece of equipment crossed the border. That will need to be thought through as we go forward.

Q99 Phil Wilson: There are 134,000 companies that trade—export or import—just with Europe. Exiting the customs union will be a financial and administrative burden for them. Are you doing any analysis with defence-related companies that might find themselves in that predicament?

Earl Howe: I am not aware of analysis. I am aware of concerns within the UK defence sector on that theme. Companies are naturally worried that it will add to their costs if we don't get this right.

Q100 Martin Docherty-Hughes: Following Phil's question about our relationship with the US, let us turn that on its head and consider our defence relationship with the European Union. There is a recent record of European defence industry relationships, whether through the Typhoon programme or others. What can you tell us about the future relationship post Brexit in those conjoined areas?

Earl Howe: The relationship between the UK and the EU?

Martin Docherty-Hughes: With the European defence industry. We have started to look at the US relationship with us post Brexit, but what about our relationship with the European defence industry?

Earl Howe: As with all our trading relationships, we want the defence relationship to be as frictionless as possible. To the extent that there is friction, there may be an incentive for the UK industry to be either left out



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of the framework or disadvantaged in any particular project. We clearly do not wish to see that. However, on the other side, as I said earlier, it is recognised that UK industry has very considerable expertise within it, and it would be anomalous if that expertise were excluded from future projects. I think there will still be an incentive to look to UK industry in future collaborations, but we need to avoid the disincentives that I have referred to.

Q101 Martin Docherty-Hughes: Defence research and development receives a significant amount of money from the European Union, and we are going to get more from the European Defence Fund. Will you match that post Brexit?

Earl Howe: Defence research expenditure funded by the Government is not going to dry up—quite the reverse. Our policy as a Government is to maintain a thriving defence research sector. I cannot answer by saying that we would match pound for pound the money lost from central EU coffers, but the importance of defence research will not in any way be diminished by our exit from the EU.

Q102 Martin Docherty-Hughes: Perhaps we could hear a bit more—the Clerks will correct me if I am wrong, but I think our portion of that funding is around £100 million. That is not exactly a drop in the ocean, in terms of our contribution to that fund. Perhaps the Government should be a wee bit clearer about how they want to fill that gap.

Earl Howe: Certainly. The budget for UK defence research is one of the elements of our current budget planning in the MoD. We had a discussion about that only yesterday on the Defence Board, where it was made very clear to us how fantastic a research sector we have. As you rightly indicate, it is now for ministerial decision as to how much of our budget we channel towards research as opposed to other areas. That is a live discussion.

Q103 Martin Docherty-Hughes: Let's take that a bit further. How will you protect the UK industry's intellectual property rights and domestic workshare if the UK is able to take part in projects under the European Defence Fund? Can we look at areas of new technologies, such as capability doctrines, robotics and artificial intelligence—a whole new emerging technology? We have got this huge funding gap that we have just identified through the European Defence Fund—that £100 million gap—and then we are also going through the modernisation capability review.

Nick Gurr: I can't say precisely what mechanism will be used for protecting intellectual property. What I can tell you is that we would obviously ensure that there was a suitable way of protecting our intellectual property interests.

On the point about gaps in funding, one of the conversations we are having in terms of engagement with the European Union, and will have around the European Defence Fund, is to try to establish ways that we may still be able to draw on the various elements of the fund. As the



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Minister said, there are a number of potential models there. You can pay in on an individual basis, you can pay an annual subscription or you could do other things. You can choose not to pay at all and develop your own national capabilities, as you have indicated, as an option. So we need to be clearer about what gap there may be before we can decide precisely how we would need to address that.

Q104 **Martin Docherty-Hughes:** Forgive me, Nick, if I think “we need to be clearer” is the understatement of the century. We are over 18 months in, we are going into stage 2 of the negotiations and we are only now starting to think about intellectual property rights for a major industrial complex—the defence industrial complex—for companies within the UK that trade within the European Union. On the other hand, we have the United States, which seems to be even more protectionist, drawing its industrial complex back to the United States, so there is even less opportunity in the United States.

Nick Gurr: A lot of work has been done across all sectors on intellectual property. What I cannot tell you is precisely what the specific defence thinking around that has been.

Q105 **Chair:** You could perhaps write to us about that.

Nick Gurr: We can write.

Q106 **Martin Docherty-Hughes:** I know that this is probably an issue beyond Nick’s pay grade, but when we were initially discussing this, we were always told that Brexit would have no impact on defence policy, procurement or engagement in military operations. There are clearly a whole raft of issues that now have to be thrashed out and clearly there is an issue. It has an impact.

Nick Gurr: There are implications that we are having to work through. I think we realised very early on that there would be implications that would have to be worked through, in terms of our future relationship with CSDP missions and operations, the whole industrial landscape we have been talking about in research and development, and a few other areas too. We always understood that there would be these issues that would need to be considered further.

On intellectual property, I do not want to mislead you, Mr Docherty-Hughes. I am not saying that work hasn’t been done; I am saying that I am not aware of it. So probably the best thing is to write.

Q107 **Chair:** Time is pressing so I am going to boil down my next question to a very precise point. We discussed earlier the fact that we might, on an ad hoc only basis, decide to involve ourselves with CSDP operations. If we would, would our entire military inventory be available to be used in such operations or would there be anything that would be off the table? For example, if we signed up to an operation in which we might want to use an aircraft carrier, would our aircraft carriers be potentially capable of being assigned to such an operation? Presumably, we would be paying for that ourselves.

Earl Howe: It would be entirely our decision as to whether we felt comfortable in committing particular assets to particular missions. Clearly, we cannot be everywhere at the same time in defence terms. We would need to be very clear that the EU mission, whatever it was, represented a high priority if we were going to commit valuable assets where there was a significant opportunity cost.

Q108 **Chair:** Who would pay? Presumably it is down to us if we decide to get involved.

Earl Howe: It is yet to be determined who would pay in those circumstances.

Q109 **Chair:** That is rather a big issue, isn't it?

Earl Howe: Yes. It is a big issue, but it is one we are taking forward in the negotiations.

Q110 **Chair:** When you write to us on the other matter, any further thoughts on that would be of considerable interest to the Committee.

Nick Gurr: May I add something, Dr Lewis? The convention at the moment is that nations pay for the contributions that they make, and there is common funding for those elements that cannot be easily apportioned among nations.

Earl Howe: That is the Athena mechanism for the common funding. Otherwise costs rest where they fall.

Q111 **Mr Francois:** You want a role in mandate development and operational planning of CSDP missions post Brexit. Would this be through formal arrangements with EU structures or through bilateral relationships with member state Governments?

Earl Howe: The aim is to have a formal framework that would enable us to count on a greater degree of involvement than other third countries currently have in the planning and executive of missions. For example, the key characteristics of a standard framework partnership agreement are that you are invited to contribute at the discretion of the EU member states. Invitations are issued after the EU has decided to launch a mission, so you are not in the initial decision-making process, whereas what we would like to see is a standing invitation to contribute. We would like to be exempt from the common costs for civilian missions and non-executive military operations. We would like to see an agreement that enabled our contributions to the EU force catalogue, but only enabled that to happen.

A greater degree of involvement guaranteed from the outset is our broad aim, but quite how we achieve that is for the negotiations. As with all these matters, it is important to try to get away from being fixated on mechanisms and look to the outputs that we want to achieve at the end. There may be all sorts of ways in which we can get to the desired end point.

Q112 **Mr Francois:** What is the UK doing to retain Northwood as the

operational HQ for ATALANTA?

Earl Howe: We have offered and will offer the possibility of Northwood continuing as the operational HQ for ATALANTA. We are aware that discussions are going on at the moment as to whether our EU partners wish that to continue, and, if so, for how long, but I cannot give you any definite news about that at the moment. It is a work in progress. It is very much up to the EU post Brexit to decide whether it is to their advantage to keep Northwood going. If they decide that it is, we are very receptive to that.

Q113 **Martin Docherty-Hughes:** I have heard that Northwood is rather full. Would the loss of ATALANTA mean there might be space for other projects such as SACLANT?

Earl Howe: Northwood hosts a number of other operations. It is the HQ and it is NATO MARCOM, the maritime command for NATO. It is the headquarters for the UK standing joint force, joint forces command and permanent joint headquarters. If you go there, you are very aware of how much it is doing in a number of areas. So Northwood will remain very important for us as a country, going forward.

Q114 **Martin Docherty-Hughes:** Could it possibly help with SACLANT—a new north Atlantic command for NATO?

Earl Howe: Yes, indeed.

Nick Gurr: We talked about this in another forum. There is this work being done through NATO to adapt the NATO command structure to make it more fit for purpose. One of the areas that has been closely looked at in that context is the north Atlantic. One of the recommendations that has been reached—for endorsement by Ministers still—would potentially see a significant increase in the size of the maritime command at Northwood. So clearly there will be a pressure on the site there. It is still to be agreed by Ministers, finally, but there is already a possibility that NATO might want to expand its footprint at Northwood.

Q115 **Gavin Robinson:** Good afternoon. Minister, could you outline which EU member states we currently have a bilateral defence relationship with, and which countries you believe it would be beneficial to strike a bilateral relationship with, post Brexit?

Earl Howe: We are clear that, as we exit the European Union, bilateral relationships are going to be even more important than they are today. There are two particular EU countries where it makes sense for us to strengthen our relations: one is France, one is Germany.

As you know, there was recently a very successful summit at Sandhurst between ourselves and the French, out of which a number of helpful collaborative undertakings emerged.

As I have said, Germany is another. Under Chancellor Merkel, Germany has put itself forward as much more of a proactive force in the defence



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context than perhaps it has up to now. One has only to look at its commitment in the Baltic states in that area.

But those two countries are not the only ones. We have very close relations with the Norwegians, the Dutch, the Danes, and the Estonians—maybe, each in a slightly different way. But as we go forward, our aim is to get closer to many more of our European allies.

Q116 Gavin Robinson: Is there a target, or a hit list in that sense? Do you know who you would like to forge those relationships with?

Earl Howe: I haven't seen one.

Nick Gurr: Perhaps I could add to that, Mr Robinson. We do have very good defence relationships with all of our EU partners, and a number of them have increased substantially on a bilateral basis in recent years. For example, we have signed a treaty with Poland, frameworks with the Netherlands, an MOU with Croatia, documents with Cyprus, and we have seen both Sweden and Finland join the joint expeditionary force. If you look beyond those, and a number of other important partners that the Minister has mentioned, even those countries with whom we have traditionally had less of a bilateral relationship—such as Austria—we talk to a lot more now.

This was something that actually preceded Brexit. If you look at the 2015 SDSR white paper, it talked about the importance of developing these bilateral relationships further. That is certainly one of the things we have done. So we regard all of our EU partners as important.

In terms of a hit list, clearly, we are able to give more priority to some than to others. The Minister has mentioned a number of them. The countries that make up the northern group have had considerable attention from us. We must not forget Spain and Italy: they are really important partners and allies, down there on the southern flank. We have also developed much greater relationships with countries like Romania and Hungary.

I know I haven't listed all of them, but I hope I can give you a sense that, in all these bilateral relationships, we have been making efforts since 2015 and they have been moving on.

Q117 Gavin Robinson: Looking post Brexit, are we intending to engage with the European Union at a single, sovereign entity, or has consideration been given to combining our efforts with allies such as Canada, Norway and Turkey who similarly wish to engage with the European Union defence initiatives?

Earl Howe: Certainly our ability and desire to collaborate with all the countries you mentioned will continue. Our relationship with the United States does not need any expansion from me; it is clearly extremely important. Certainly the importance of being able to interact and engage with third countries will remain paramount. One can look at relations

outside the European context as well—Japan and South Korea, for example.

Q118 Gavin Robinson: Earlier, Minister, you indicated that third-country engagement with the European Union is less than satisfactory, and not what we would wish to engage in post Brexit; you would rather a stronger and deeper relationship. Is that the sort of relationship you feel that Canada, Norway, Turkey and all those other allies may wish to benefit from, because they would see the fruits of our labour in the arrangement that you are intending to negotiate?

Earl Howe: That may be so, but clearly how they move in that direction, if they wish to, has to be up to them. I emphasise that we think that the UK is in a particularly special position, bearing in mind that we are currently a member of the EU. We start from a good position in that sense.

Chair: I have had two bids for brief interventions, because we have to stop in a few minutes. Phil first, and then Martin.

Q119 Phil Wilson: Briefly, as members of the EU, we were still able to build up bilateral relationships with EU countries. Do you agree that we had the best of both worlds?

Earl Howe: Yes, my understanding is that unlike in trade policy, in defence and foreign policy, which of course are not controlled at an EU level, we are allowed to engage with whomever we like. We have that freedom now, and will continue to exercise it.

Q120 Martin Docherty-Hughes: Freddie, you mentioned our special position. We will not be in as special position as, say, Denmark—a member of the European Union that does not participate in its defence process. We will be less special once we leave the European Union, because although Denmark is not involved in that process, it is at the top table of the European Union. How special is our relationship really going to be?

Earl Howe: As I have indicated, there are a number of facets to the kind of special relationship that we want to achieve. In the area of the CSDP, it amounts to having a greater degree of insight and involvement in planning than we would if we were to accept a standard agreement. In the area of industrial co-operation, we seek to ensure that trade is as frictionless as possible, and that the UK and UK entities are not excluded from any collaborative projects initiated at an EU level.

It is very much—I was going to say in the lap of the gods, but I shouldn't do that—a matter for negotiations over the coming weeks to ensure that these issues, which we believe will be seen as being as much to the EU's advantage as to ours, are factored in at an early stage.

Q121 Mr Francois: Minister, how can we ensure that there is effective scrutiny of Government policy on EU defence initiatives?

Earl Howe: One answer is through this Committee. Another answer is in the standard way that we scrutinise through Parliament. I can tell you that



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my ministerial colleagues—both in Defence and the FCO—and I are more than willing to ensure that parliamentarians such as yourselves are kept informed. Of course, during the negotiations, it is obvious that we cannot give running commentaries, but I hope you have been able in this session to gain a sense of where we are coming from and the direction of travel we want to move in, and that it sounds to you to be a sensible set of policies. I think that is perhaps all I can say. We wish to be as transparent as we can without damaging our negotiating stance.

Q122 Mr Francois: Allied to that, will the Government schedule a debate on UK-EU defence co-operation on the Floor of the House, as has been recommended by the European Scrutiny Committee?

Earl Howe: I know there are discussions going on at the moment on that very subject. Coming from the other place, I am not as close as perhaps I should be to where those discussions have reached, but the general desire for a debate on these matters has been well and truly registered. I am advised that it is with the Whips Office at the moment.

Q123 Chair: There has been a bit of a track record of not doing this—of not having debates on the Floor of the House on this subject and we feel that perhaps just pushing them back towards the European Scrutiny Committee, in the light of the wish for transparency, would not be an adequate solution this time.

Earl Howe: Without wishing to give my noble colleagues any ideas, they have a much greater degree of freedom in our House to initiate debates on matters of their choosing. It certainly has not held them back in the past. I know that that does not address your concern about the House of Commons. Perhaps I could just undertake, following this meeting, to register with the appropriate quarter your desire for an early debate on these matters.

Chair: In Government time, rather than Back-Bench time.

Earl Howe: I understand.

Chair: That would be greatly appreciated. It only remains for me to thank you both very much indeed. Our objective is to try to drill down below the rather flowery language of the Government's position paper. I feel that you have both enabled us to see far more clearly the philosophy behind the Government's approach, and for that we are very grateful.